

Panel Advocates Changing Structure Of U.S. Military

By Bill Keller
New York Times Service

WASHINGTON — A diverse group of experts, including some of the members of Congress who are most influential on military matters, has agreed to push this year for a sweeping restructuring of the U.S. military operation.

The group, concluding an 18-month study, contends in a draft report that the current military organization, which it says is paralyzed by rivalries between the army, navy, air force, and Marine Corps, is the underlying cause of bloated budgets, poor combat readiness, and a lack of coordination in operations.

To resolve these problems, the group will propose to give the chairman of the Joint Chiefs of Staff new powers as a presidential adviser in an effort to oversee squabbling among the services.

The recommendations, which are to be published next month, would also strengthen the powers of regional military commanders who conduct combat operations, streamline the budgeting and planning operations of the Defense Department, and alter the role of Congress in handling the military budget.

If adopted, the recommendations would represent the most drastic changes in military management since the administration of President Dwight D. Eisenhower, when a number of measures were enacted to strengthen the powers of the Joint Chiefs of Staff and the secretary of defense.

But some of the latest proposals are likely to meet resistance from the Reagan administration, according to recent interviews with administration officials concerned with the military.

The study was financed by the Ford and Rockefeller Foundations. It was conducted by a panel of former Defense Department officials, members of Congress, and academics that was assembled by the Georgetown University Center for Strategic and International Studies.

The Joint Chiefs of Staff, now headed by General John W. Vessey Jr., is made up of the chairman and top officers of the army, navy, air force and Marine Corps. It advises the president on overseas operations of the four services.

The draft report said a "stagnant" military structure was "the single most important cause of the grave problems that now confront the United States in managing its national defense efforts."

"Unless the procedural and organizational deficiencies underlying these problems are identified and corrected, no realistic level of defense spending will be sufficient to meet the needs of the nation's security," the draft said.

Philip A. Odeen, a partner in the accounting firm of Coopers & Lybrand and chairman of the steering committee that directed the Georgetown study, said in an interview that the study of individual service fields has resulted in an emphasis on costly new weapons and research programs at the expense of ammunition, spare parts, airlift, and other essentials of combat readiness that are run by the weaker joint commands.

Mr. Odeen, who was a Defense Department analyst in the 1960s and a National Security Council adviser in the administration of President Richard M. Nixon, said the lack of central authority also has hampered military activities, including the unsuccessful 1980 mission to rescue American hostages in Iran and security planning

at the U.S. Marine barracks in Beirut bombed by terrorists in 1983.

Many of the changes to be proposed by the Georgetown group have been recommended by previous official commissions and in congressional reports, only to face opposition.

Defense Secretary Caspar W. Weinberger said in an interview two weeks ago that he would not support major changes in the operation of the Joint Chiefs of Staff.

Navy Secretary John F. Lehman Jr., in an interview, called the Georgetown proposals "a very foolish way to organize a democracy's decision-making," arguing that they would centralize too much power and diminish civilian control.

But participants in the study said they were convinced that the political balance has shifted in favor of the changes. The reorganization package, they said, will be offered to a public that has become disenchanted with the cost of the military and to a Congress in which

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ANTI-ABORTION MARCH — More than 70,000 people demonstrated against abortion in Washington on Tuesday, the 12th anniversary of the U.S. Supreme

Court decision legalizing abortion. President Reagan told the marchers he supports their cause but warned against the use of violence to achieve their goals. Page 3.

U.S. Says GNP In 1984 Made Sharpest Gain In 3 Decades

By Jane Scaberry
Washington Post Service

WASHINGTON — New figures on the U.S. gross national product show that the economy grew 6.8 percent in 1984, the sharpest rise in more than three decades, and that inflation was the lowest it has been in 17 years, the Commerce Department reported Tuesday.

The U.S. economy also appeared to be rebounding during the last three months of the year from its summer slump.

GNP measures the total value of a nation's output of goods and services, including income from foreign investments.

A price index tied to the GNP showed that inflation totaled 3.7 percent last year, down from 3.8 percent in 1983 and 6 percent in 1982, the department said.

The department also reported that from October through December consumer spending increased and the U.S. trade balance improved for the first time in three years.

The GNP report was called "remarkable" by the White House. "If this were almost any other country in the world, the economic performance of the United States would be termed a miracle," said Larry Speakes, the chief White House spokesman. "Indeed, it has been impressive."

GNP increased 3.9 percent in the fourth quarter after a rise from July to September of 1.6 percent. At that time some economists expressed the fear that the slump would carry over into the first half of 1985 and that there was a remote chance of another recession.

However, in the fourth quarter consumer spending rose sharply and fewer dollars were spent on imported goods, the Commerce Department said.

Inflation, as measured by the price index, was 2.4 percent in the fourth quarter, down from a 3.9 percent rate in the third quarter. The index is called the implicit price deflator, and measures changes in prices and the composition of output, not only price changes.

"The economy comes into 1985 with definitely strong upward momentum and we continue to look for growth between 3 percent and 4.5 percent for the year," said Allen Sinai, chief economist for Shearson Lehman/American Express. "The prospects for inflation remain quite bright."

The 6.8-percent increase in GNP last year was the sharpest increase since an 8.3-percent rise in 1951, the Commerce Department said. GNP rose 3.7 percent in 1983 and contracted by 2.1 percent in 1982.

The Reagan administration is counting on growth of at least 4 percent this year to help reduce the federal budget deficit through reduction in spending and increases in tax revenues resulting from an improved economy.

Some economists doubt that the administration will get its wish and are predicting growth of slightly above 3 percent for 1985. "With lower interest rates and inflation under control, the economy is in a good position to achieve the 4-percent growth expected by the administration over the course of 1985," said Commerce Secretary Malcolm Baldrige. "To reinforce the staying power of this expansion in the years ahead, our first priority must be a reduction in the federal deficit to help hold down inflation and bring down interest rates further."

The trade picture also improved in the fourth quarter, marking the first improvement in three years, Mr. Baldrige said. Net exports adjusted for inflation increased \$11.8 billion in the fourth quarter, in contrast to a decline of \$15.6 billion in the third quarter. Although total exports decreased \$1.2 billion, total imports declined \$13 billion in contrast to an increase of \$18.2 billion in the third quarter.

For the year, inflation-adjusted GNP increased \$104.3 billion to \$1,639 billion, compared with \$1,534 billion in 1983. Unadjusted for inflation, GNP in 1984 was \$3,661 billion, compared with \$3,304 billion in 1983.

Reagan's Address: A Subdued Look Back on Familiar Goals

By Hedrick Smith
New York Times Service

WASHINGTON — In an echo of the patriotic optimism that marked his re-election campaign, President Ronald Reagan made his second inaugural address on Monday a celebration of the "American dream" of his first term, rather than a driving call to action for his second.

The occasion brought the president back to center stage after several weeks of his seeming to be in the wings. But rather than emphasize a compelling vision for the term ahead, he blended a message of optimism with an incantation of his familiar conservative manifesto, promising "a new American Emancipation" to "liberate the spirit of enterprise" from government intrusion.

Briefly, Mr. Reagan sketched an expected agenda of trying to freeze the overall size of the federal budget, simplify the nation's tax system, press ahead with research on a space-based defense and pursue arms negotiations with the Soviet Union.

But for a leader known for firing the public imagination with short, symbolic

messages, this was an address that other politicians found low-key and undramatic, lacking in his usual rhetorical flair.

In advance, his chief of staff, James A. Baker 3d, promised that it would be "a new call to arms." Afterward, the former Reagan White House communications director, David A. Gergen, commented that it was, "at best, a muted call."

Inevitably, this second Reagan inauguration was a more subdued occasion than the first. It lacked the excitement in 1981 of the Republican takeover of the White House and Senate or the high drama of Iran's release of the U.S. Embassy hostages. Bitter cold deprived it of the pageantry of an outdoor ceremony and throngs cheering the president parading from the Capitol to the White House.

In tone, Mr. Reagan seemed sober and subdued rather than ebullient, and he was occasionally halting in delivery. Several times, he dropped sentences or paragraphs from his prepared text, including his evocation of more "years of American renewal," possibly because he was depending on a written text rather than the prompting de-

vices that normally help him to a polished delivery.

The sense of urgency that he conveyed in 1981 was replaced by a sense of vindication at what he had achieved. Over the past week, some presidential aides had been

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fearful that Monday's speech, which was largely written by the president himself, lacked the punch and power of his first inaugural address.

Mr. Reagan had some respectful bipartisan gestures toward senior Democratic politicians. Indeed, some Democratic leaders found his speech less combative and partisan than his first inaugural address.

But Mr. Reagan betrayed no lessening of his conservative fervor, set out no overarching imperatives that demanded bipartisan cooperation and signaled no visible drive for compromise at home or abroad.

To the Russians, he sent the strong message that one of his top priorities was pursuing research on the space-based defense program that they so adamantly op-

pose and that some of his subordinates believe should eventually be sacrificed for the sake of an arms agreement. Indeed, Mr. Reagan put more stress on the space defense than on an arms agreement.

To congressional Democrats, he did not offer any hint of moderation on his campaign to shrink domestic programs and to combat huge federal deficits without raising taxes. Answering congressional pressures to slow military spending, Mr. Reagan argued that "there is only one way safely and legitimately to reduce the cost of national security," and that is through arms control.

To his rightist partisans, he reaffirmed their favorite goals: a push for a constitutional amendment to balance the budget, an allusion to banning abortion, a pledge to try again for a program to revitalize inner cities and a promise to build an "opportunity society" by freeing private enterprise and welfare recipients from a bloated government.

His most tantalizing allusion was his evocation of Abraham Lincoln with a reference to a "new American Emancipation." Briefly, he suggested wanting to li-

berate private business and reduce dependence on welfare programs.

"Our fundamental goals must be to reduce dependency and upgrade the dignity of those who are infirm or disadvantaged," Mr. Reagan said. "And here, a growing economy and support from family and community offer our best chance for a society where compassion is a way of life."

In this, some Democrats saw a rationale for what they expect to be harsh new cuts in social programs when Mr. Reagan sends his budget to Congress in two weeks.

For the most part, however, the Democrats let Mr. Reagan have his day in the sun, offering to cooperate in efforts for peace and halting his evocation of patriotic themes. But few found his address as powerful as they had expected.

One Republican, asking not to be quoted by name, recalled that at the Republican Convention in Dallas, Mr. Reagan's diffidence speech had been rambling, diffuse, and not up to his usual par. But this occasion, he said, was more important. "And Reagan did not exactly come roaring out of the gate."

U.S. Asks New Zealand To Permit Warship Visit

By Bernard Gwertzman
New York Times Service

WASHINGTON — The United States has formally asked New Zealand for permission to send a navy warship there despite the anti-nuclear policy of that government's ruling party, State Department officials said.

The officials acknowledged that in asking for a port call for the warship, the United States could provoke a severe strain in the 34-year South Pacific alliance of the United States, Australia, and New Zealand, known as the ANZUS alliance.

Prime Minister David Lange, since his election last July, has remained committed to his Labor Party's policy of forbidding port calls by ships carrying nuclear arms or powered by nuclear engines, in effect making it impossible for any U.S. warship to visit.

The Reagan administration would not disclose details about the ship, which it would like to send to New Zealand in March. In Wellington on Monday, the New Zealand government said it would not decide on the American port call request for several weeks.

Secretary of State George P. Shultz, who has urged Mr. Lange to be more flexible, has said that for an alliance to have any meaning the military forces of the members should be allowed "to interact" by port calls and other joint actions.

Moreover, the last ANZUS alliance communiqué, signed by the three allies on the eve of Mr. Lange's taking office, said that they "agreed that defense cooperation, including combined exercises, visits and logistics support arrangements, played an essential part in promoting mutual security."

For the last six months, the United States and Australia have been quietly urging Mr. Lange, to no avail, to drop the anti-nuclear stance, officials said.

The last high-level visit by an American to New Zealand was by Lieutenant General John T. Chain Jr. of the U.S. Air Force, director of the State Department's bureau of politico-military affairs, who briefed Mr. Lange 11 days ago on the recent U.S.-Soviet arms control talks in Geneva and discussed the nuclear issue.

As a matter of long-standing policy, the United States will not disclose whether a ship carries nuclear weapons. Thus for a government to ban any U.S. warship with such weapons, it would, in effect, have

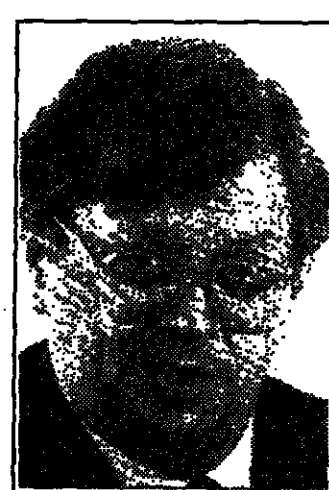
to bar all ships in the fleet, American officials said.

State Department officials said the request for a port call by a navy ship was made in recent days in connection with a planned ANZUS exercise called Sea Eagle. The exercise will be in Australian waters, the officials said, but American ships traditionally pay calls on New Zealand ports in connection with such maneuvers.

In July, the Labor Party decisively defeated the conservative National Party, which had allowed nuclear-armed ships to visit. Labor's election platform called for the barring of all such ships. Mr. Lange has reaffirmed that policy, but it has not yet been put into law.

To avoid an early crisis, the United States has not asked permission for any warship to visit New Zealand until now. But a State Department official said that the issue had to be faced, and that this seemed the best time.

The Australian Labor Party government, headed by Prime Minister



David Lange

Bob Hawke, strongly opposes Mr. Lange's policy. Mr. Hawke is to visit Washington in early February for talks with President Ronald Reagan and Mr. Shultz, with ANZUS the primary issue, State Department officials said.

The ANZUS foreign ministers are to hold their annual meeting in Canberra, Australia, in July, at which time the issue of port calls by nuclear-armed ships is to be taken up.

Peru Military Cited in Civilian Deaths

By Don Podesta
Washington Post Service

WASHINGTON — More than 1,000 Peruvians have disappeared after being detained by police and the military, and another 400 have been reported killed since nine mountain provinces in southern Peru were placed under military administration two years ago, Amnesty International reported Tuesday.

A report by the London-based human rights group said that it had documented 1,005 "disappearances" in the area by the end of 1984. A disappearance is considered to take place when a person is taken into custody by the authorities or with their connivance, and the authorities later deny that the victim is detained.

In addition, the report said, "Amnesty International has received information on 420 individuals named as having been detained and subsequently found dead, where these and other circumstances suggest strongly that

they were victims of extrajudicial execution."

"Many victims are unidentifiable; their clothing has been destroyed, features mutilated and bodies dumped far from the scene of detention, in areas where relatives are unlikely to travel," the group said in its report.

"Human rights violations on this scale are unprecedented in modern Peru," Amnesty International said. The victims have been, for the most part, peasants, local leaders, teachers and students.

Amnesty International acknowledged that it has received reports of "scores of killings" by leftist Shining Path guerrillas and emphasized that it condemns torture and killings by them as well.

An emergency zone, which has been extended to 13 provinces in the Huancavelica, Ayacucho and Apurimac departments, was put under military command in December 1982 in an effort to curb the guerrillas, who subscribe to the teachings of Mao.

Relatives of the missing people

report being threatened by soldiers when they look for the bodies at known dumping grounds, "which are always near main roads regularly patrolled by troops or police," the organization said.

Amnesty International said that documents and testimony had come directly from families and community representatives.

The group credited the office of Peru's attorney general and the judiciary for making efforts to protect the rights of local residents and for uncovering some abuses, but it said they have been unable to halt them.

Zegarra Dongo, former Ayacucho chief prosecutor, reported last year that his office had received 1,500 formal complaints of prisoners' disappearances in 1983 and the first two months of 1984.

A spokesman at the Peruvian Embassy in Washington said that reports such as Amnesty International's are received by the authorities in Lima and the disappearances investigated on a case-by-case basis.

Labor Groups Struggle to Overcome Loss of Influence in Decade of Decline

By R.W. Apple Jr.
New York Times Service

LONDON — West European labor unions have lost much of the political and economic vigor that only a decade ago made them one of the dominant elements in many countries, and their leaders are un-

sure how and when they will be able to re-establish their position.

A survey of the situation in half a dozen nations shows sharp reversals in union power, not only in their ability to win wage increases and other benefits for their members but also in their capacity to influence governmental policies.

Their decline has reached a point where "they're desperate for a role," in the words of Lord Lever, a former minister in Labor governments in Britain.

Austerity programs imposed by many governments, including some that are at least nominally socialist, have forced European labor officials to accept cutbacks in jobs and benefits, however grudgingly.

The pattern varies from country

to country. The West German unions have managed to retain much of their strength, while those in Spain and France have never had as much clout as those in northern Europe.

But the general picture is a bleak one, from the Netherlands, where strikes by state employees 15 months ago utterly failed to stop cuts in salaries and welfare benefits, to Sweden, where the once-monolithic unity of the unions has broken down, to Britain, where the government of Prime Minister Margaret Thatcher has passed repressive new laws and all but severed the traditional close communications between the union leadership and 10 Downing Street.

Some politicians and civil servants, like Jean-Cyril Spinetta of the French Labor Ministry, worry that weak unions will provide an inadequate channel for the expression of workers' aspirations and frustrations. They say they fear a recurrence of the sort of social explosions that happened in France and West Germany in 1968 and that briefly flared in major British cities four years ago before rapidly dying away.

In Britain, Ernest Bevin began as an orphan with a horse-drawn delivery cart, built the Transport and

General Workers' Union into one of the most powerful unions in the West and ended up as the foreign secretary in Clement Attlee's post-war cabinet.

That sort of story would be almost inconceivable today, with few unions able to resist the tides of change that are battering them.

The most defiant gesture of resistance has been that of the miners in Britain, who have been on strike for 10 months, under the melodramatic leadership of Arthur Scargill, in an effort to force the National Coal

Board to keep coal mines open even when they can produce coal only at a loss. But more and more strikers have been drifting back to work, and it is widely expected that the board will prevail.

Nowhere in Western Europe has the miners' strike found a strong echo. In general, the closing of un-economic plants, such as steel mills, has been grudgingly accepted. Most unionists, including many in Britain, have kept their distance from Mr. Scargill, whose Marxist leanings they appear to suspect.

Some unions on the Continent have sent money to help strikers' families, but they have done so in ways that they hope will keep the money out of Mr. Scargill's hands.

"Somehow," said Giuseppe Faiering of the European Trade Union Institute in Brussels, "governments in Western Europe of whatever political coloration feel now that they ought to be tougher. Many of the problems would exist even if there were socialist governments in every capital, because the economic crisis cannot be escaped."

Mass unemployment has curtailed the unions' membership in most countries — workers who lose their jobs seldom stay active — and so has the rapid shrinkage of the smokesack industries in such areas as the Ruhr, the Lorraine and the north of England. Those heavy industries traditionally supplied the heavy battalions of the labor movement.

Last year, the proportion of the British work force that was unionized dropped to less than half for the first time since 1973, and in France, only one worker in five is a union member now, compared with one in four five years ago.

Unhappily for the unions, those employed in service industries, in

small high-technology companies, and in other new businesses tend to be less amenable to organization.

But some people in the labor movement, including Mr. Faiering of the Trade Union Institute, say they think the unions themselves are at least partly to blame. He said recruitment in service industries was slow "because the unions are like elephants, slow to change, and they continue to reflect blue-collar attitudes in an increasingly white-collar world."

Unemployment has had a psychological impact as well. Fearful of losing their own jobs, union members have been reluctant to strike.

"Trade-union power resides in the minds of men," said Jörg Barzyski of IG Metall, the West German union often described as the largest in the West. "When times are worst, when the worker most needs the protection of his union, that is when he is most anxious about his job, and therefore there is a danger of solidarity breaking down."

The unions' prestige has been undercut in many countries by their seeming inability to exert any

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INSIDE



TALKS OVER — Alexei K. Antonov, a Kremlin official, says that there may be "new impulses" in Soviet trade with West Germany. Page 2.

Raf Denkash, the Turkish Cypriot leader, agreed to new talks with President Spyros Kyprianou. Page 2.

The Westmoreland case has revealed the distrust between the American generals in Vietnam and the press. Page 7.

BUSINESS/FINANCE

Several central banks in Europe intervened in the currency markets, slowing the rise of the dollar in Europe. Page 9.

Turkish Cypriot Says He Would Participate In New Talks on Unity

By Andriana Ierodiakonou
International Herald Tribune

UNITED NATIONS, New York — Rauf Denkash, the Turkish Cypriot leader, has reversed himself and said that he would meet with President Spyros Kyprianou in a second attempt to agree on the reunification of the divided Mediterranean island.

Four days of negotiations at the United Nations ended Sunday in failure. At a press conference afterward, Mr. Denkash rejected a proposal by the UN secretary-general, Javier Pérez de Cuellar, for a new meeting by the end of February.

Mr. Kyprianou accepted and later added that he had no preconditions for new talks with Mr. Denkash.

In an interview Monday, Mr. Denkash said that the secretary-general "sprang the February meeting all of a sudden without saying what it is for." But in response to a question, he backed away from his rejection of the proposal.

"Of course there is going to be a meeting with Mr. Kyprianou," Mr. Denkash said. "But I don't know under what conditions and for what purpose — all this has to be talked about."

He added that he plans to remain in contact with Mr. Pérez de Cuellar's special representative in Cyprus to continue discussions on a second meeting.

Sources close to the UN initiative on Cyprus said that the special representative's contacts with both sides in Nicosia could lead to a mutually acceptable draft agreement for a bilateral federal solution before the next high-level meeting.

Last week's talks collapsed because Mr. Kyprianou and Mr. Denkash disagreed over whether a preliminary draft was a final document ready for signature.

The Greek Cypriots want to include more details in a final draft regarding key issues, such as the withdrawal of Turkish occupation troops from the island, guarantees of a settlement and the right to travel freely, settle and own property throughout Cyprus.

Mr. Denkash's position last week was that these and other out-

standing issues should be relegated to joint working groups.

The Turkish Cypriot leader's statement on the possibility of a future meeting appeared to confirm hopes that both sides are keeping doors open.

In November, President Ronald Reagan personally urged Turkish Cypriot concessions on territory and constitutional power to bring about talks.

Washington is interested in settling the Cyprus issue to minimize congressional opposition to increased military aid for Turkey, as well as to reduce tensions with Greece within the North Atlantic Treaty Organization.

Mr. Kyprianou said Monday that he has asked to meet with Mr. Reagan to discuss resumption of the talks.

"We are very disappointed," one U.S. official said after the talks broke off. "But as the secretary-general said, efforts will continue. The alternative would be very unattractive."

2 Frenchmen Linked to Spy Ring Said to Flee India

The Associated Press

NEW DELHI — Two Frenchmen alleged to have trafficked in state secrets left India before the French government recalled a diplomat who was also accused of having a role in India's spy scandal, the United News of India news agency reported Tuesday.

Prime Minister Rajiv Gandhi told Parliament that the espionage case was "one of the most serious" anywhere, and vowed to go "to great depths to find out what has happened, why it has happened and how it affects the country's security."

A senior government source confirmed that one Frenchman, not a diplomat, left India after authorities began cracking down on the alleged spy ring. The source, however, said he did not know about the second French national, identified by the news agency only as a businessman.

The first Frenchman, who was not identified, fled India on Saturday, the news agency said. The independent Indian Express also reported that a French national, who it called the "ringleader," left the country by commercial airliner Saturday.

Quoting "highly placed intelligence sources," the news agency said the second Frenchman was tipped off that he was under surveillance and "slipped out" of India before the crackdown began last Thursday.

News reports said that at least 15 persons had been arrested and that 60 were being questioned or were under surveillance in the scandal, the first to confront Mr. Gandhi's administration since he succeeded his mother, Indira, who was assassinated Oct. 31.

Two Defense Ministry officials were arrested Monday on charges of passing secrets to the French diplomat, a high-ranking government source said.

The news agency reported that Indian intelligence teams had been sent to Paris and London "to establish the foreign links in the spy ring through which highly sensitive and top secret documents concerning the country's security, defense and economy and the prime minister's office were smuggled out."

Home Affairs Minister S.B. Chavan told Parliament that investigators had not determined whether the U.S. Central Intelligence Agency, the Soviet KGB or some other foreign intelligence agency was involved in the leak of national secrets.

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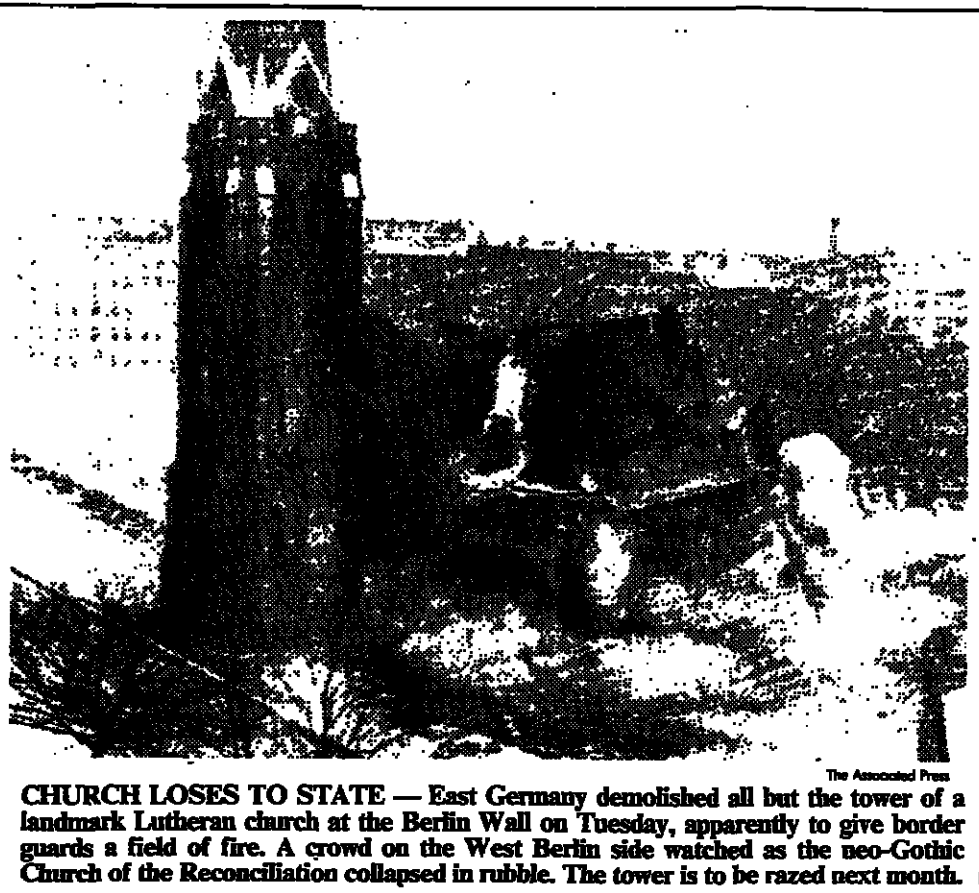
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CHURCH LOSES TO STATE — East Germany demolished all but the tower of a landmark Lutheran church at the Berlin Wall on Tuesday, apparently to give border guards a field of fire. A crowd on the West Berlin side watched as the neo-Gothic Church of the Reconciliation collapsed in rubble. The tower is to be razed next month.

After Talks, Bonn Hoping For Better Ties to Soviet

By James Markham
New York Times Service

BONN — A two-day session of a Soviet-West German trade commission has raised expectations in Chancellor Helmut Kohl's government that Moscow may be easing its policy of attempting to isolate Bonn.

The commission meetings, which ended Tuesday, also raised hopes among West German businessmen for striking new contracts tied to the 1986-90 five-year plan. West Germany is the Soviet Union's largest Western trading partner.

The leader of the Soviet delegation, Deputy Prime Minister Alexei K. Antonov, declared that the commission could give "new impulses" to the relations between Bonn and Moscow. He also alluded to the resumption of U.S.-Soviet arms negotiations, urging that the militaryization of space be prevented.

Mr. Antonov complained that West Germany's compliance with the North Atlantic Treaty Organization's ban on exporting certain high-technology items to Warsaw Pact nations was hindering bilateral trade. This prompted his host, Economics Minister Martin Bangemann, to interject: "It was clear from our talks that in this area, for understandable reasons, some goods and services are excluded."

Mr. Antonov met Tuesday afternoon with Mr. Kohl and Foreign Minister Hans-Dietrich Genscher. For some weeks, the Kohl government has been uneasy about an apparent Soviet policy of trying to exploit Bonn from revived East-West discussions. Some government analysts see this as a continuation of Moscow's attempt to punish Mr. Kohl for accepting the deployment of U.S. medium-range missiles in 1983 and to impose a form of quarantine on Bonn that would inhibit a warming of ties with East Germany.

Last week, Moscow vetoed visits to Bonn by the leaders of East Germany and Bulgaria. And, when it chose to reopen a dialogue with Western Europe, it dispatched Mikhail S. Gorbachev, reportedly the second-ranking figure in the Politburo, to London last month. No comparable envoy has been sent to Bonn.

The unease in the government has been compounded by nervousness over the impending ceremonies in the West and within the Warsaw Pact marking the 40th anniversary of the defeat of Nazi Germany and the end of World War II. As the May anniversary nears, the Kohl government expects a stiffening blast of hostile propaganda from Moscow accusing it of harboring Nazi-like "revanchist" tendencies.

In this environment, the Antonov visit was taken here as a faint sign that Moscow may be introducing some strains of moderation into its posture toward Bonn. "We are grateful," said one senior official, "for opportunities to show that we are not completely excluded from the dialogue the Soviet Union is conducting with the West."

"I think," added the official, "that we're so important that they cannot conduct their policies without talking to us."

Mr. Kohl has furnished Soviet propagandists with ample material in the past few days by his dealings with an organization of former refugees from Silesia, an erstwhile German territory that now lies within Poland.

The chancellor is scheduled to speak to the Silesian organization in Hannover on June 16, but he balked at appearing when it unveiled its motto: "Forty years of banishment — Silesia remains ours." The slogan was perceived as being provocative and even revanchist, calling into question Bonn's 1970 treaty with Warsaw that effectively recognizes Poland's postwar boundaries.

On Monday, Mr. Kohl met with Herbert Hupka, a parliamentary deputy who heads the Silesian organization, and rejected a modified motto for the gathering. Mr. Hupka proudly unveiled his final version Tuesday, which he called acceptable to the chancellor: "Forty years of banishment — Silesia remains ours in Europe of free peoples."

Under the paper's system of ownership, journalists hold 40 percent of the shares. Combined with the 11 percent held by the managing director, who is always a journalist, the editorial staff retains a majority.

Mr. Fontaine, elected by the journalists last week to head the newspaper, said the shareholders would be asked to decide within three months on a plan to change the company's legal and financial structure to allow outside capital.

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Ruling Is Against Show Dog
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BIRMINGHAM, Michigan — A judge ruled Tuesday that a champion English sheepdog alleged to have killed its owner's elderly mother Dec. 19 must be put to death within 21 days or be destroyed. The dog, King Boots, is rated top of its breed by the American Kennel Club. The owner disputed the city's charge that the dog killed her 87-year-old mother.

The leader of the independence movement in New Caledonia, Jean-Marie Tjibaou, arrived Tuesday in Paris, Reuters reported. He was escorted by police to an undisclosed destination, airport sources said. On Wednesday, he is to meet the Socialist party leader, Lionel Jospin.

The French forces raided strongholds of pro-independence Melanesians and arrested four unidentified men near the west coast town of Koua on suspicion of burning the homes of European immigrants. The Associated Press reported from Nouméa, six homes and three businesses there have been burned recently. The police said they recovered some stolen vehicles and goods.

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WORLD BRIEFS

Polish General Accuses Subordinates

TORUN, Poland (UPI) — A suspended secret police general blamed his subordinates Tuesday for the kidnapping and murder of a pro-Solidarity priest and said that a colonel accused in the crime had withheld incriminating evidence.

General Zenon Plek, 58, an Interior Ministry department head suspended but not charged in the October murder of the Reverend Jerzy Popieluszko, denied the assertions of the four defendants that he was involved.

Testifying for a second day, General Plek directly implicated his subordinate, Colonel Adam Pietruszka, and said that on several occasions the colonel withheld evidence that would have unmasked the killers of the Roman Catholic priest.

44 More Deaths Reported in Bhopal

BHOPAL, India (Reuters) — More than 40 more people have died in Bhopal in the last month as a result of the industrial disaster at the Union Carbide pesticides plant, officials said Tuesday.

The officials said that a local government survey showed that 44 died from the effects of poison gas in a 33-day period between Dec. 18 to Jan. 20. Poisonous methyl isocyanate gas leaked from an underground storage tank at the plant Dec. 3, killing 2,500 people and injuring 4,000.

Meanwhile, the minister for chemicals and fertilizers, Veerendra Prasad, told Parliament on Monday there had been six accidents at the factory before the Dec. 3 leak. He said a man died after liquid phosgene spilled from a pipe in December 1981. In February the following year 25 were taken ill after another phosgene leak. In October 1982, 15 workers were treated in a hospital after a leak of chloroform, hydrochloric acid and methyl isocyanate gas, he added.

Managua Official to Leave Priesthood

MANAGUA (UPI) — The Reverend Edgard Parrales, one of four Roman Catholic clergymen in the Nicaraguan government, has announced that he is giving up the priesthood rather than obey Vatican orders to resign his government post.

Father Parrales, Nicaragua's chief delegate to the Organization of American States, said Monday that he had first told the Vatican in October 1983 that he would rather return to the laity than resign his position in the government. He said the Vatican had failed to issue a decision on his case, which was formally submitted last May.

He said his decision to leave the priesthood was firm and that it had not affected his Roman Catholic beliefs. Like the other priests in the Nicaraguan government, Father Parrales has refused to obey Vatican orders to leave his post and devote himself entirely to the church.

5 Bolivian Generals Retired in Dispute

LA PAZ (AP) — General José Olivares, Bolivia's army commander, and four generals who backed him in a dispute with President Hernán Siles Zuazo were retired from active duty Monday, the military high command announced.

Before accepting his dismissal, General Olivares held out for 24 hours with a cavalry regiment at his headquarters in La Paz last month. He had been accused of plotting a coup.

A Defense Ministry statement said that Generals Hugo Gironda, chief of staff of the army command, Mario Oza and Hermes Felman, members of the army command, Lorgio Justman, a member of the military justice tribunal, and Haroldo Pinto, commander of the 5th Division, had been placed in the reserve at the disposition of new army chief, General Raúl López Leyton.

Greece Quits NATO Defense College

BRUSSELS (Reuters) — Greece has withdrawn abruptly from the NATO Defense College in Rome in a dispute over a classroom exercise simulating a coup in Athens, diplomats said Tuesday.

Three Greek students and a lecturer at the college, which trains officers and civil servants in strategic studies, were instructed by the Socialist government in Athens last week to leave within 24 hours, the diplomats said.

A spokesman for NATO's military committee, which runs the college, said, "We are aware that the Greek students have left the college and we are discussing the problem with the Greek authorities." Informed sources said the withdrawal followed a dispute over a classroom scenario involving political upheaval in Greece, a leftist government and a military coup.

Lebanon Insists on Israeli Timetable

NAQOURA, Lebanon (AP) — Lebanon refused Tuesday to back down on its demand for a detailed timetable for Israel's troop withdrawal from southern Lebanon but agreed to continue negotiations with Israel later this week.

The 13th session of the United Nations-sponsored talks, like similar meetings held since Nov. 8 in this southern Lebanese village, focused on how to maintain peace in southern Lebanon after Israel withdraws its 20,000-member occupation force.

The talks coincided with a general strike and demonstrations in Moslem areas of Lebanon to protest a car bomb attack Monday night in Israeli-occupied Sidon. The explosion seriously injured Mustapha Saad, a Sunni Moslem leader and an opponent of Israel.

Craxi Calls Confidence Vote on Decree

ROME (UPI) — Prime Minister Bettino Craxi's 17-month-old government called a confidence vote in the Senate on Tuesday to cut short opposition obstruction tactics on a decree to curb tax evasion.

The vote was expected to be held late Wednesday and a defeat would force Italy's first Socialist-led government to resign. However, the government was confident that Mr. Craxi's five-party coalition would hold together and survive the vote.

In November, Mr. Craxi used a series of confidence votes to push the tax decree, then a bill, through the Senate. Then, in mid-December, when obstruction tactics were holding up the bill, Mr. Craxi converted it into a decree, which now must be approved by both houses of parliament. The bill would give tax officials power to assess tax on private companies suspected of filing false returns.

For the Record

Cathy Evelyn Smith, accused of murdering John Belushi with injections of cocaine and heroin, arrived Tuesday in Los Angeles to be arraigned on criminal charges in the case. Miss Smith, 37, of Toronto, gave up her 22-month fight against extradition from Canada after negotiations with the Los Angeles County district attorney's office.

A 68-year-old man who shot and killed a teen-aged gunman during an apparent robbery attempt in Chicago last Thursday acted justifiably and will not be charged, police in the city said Monday.

R. Foster Winans, a former Wall Street Journal reporter, went on trial in New York on Monday, charged with defrauding the newspaper by secretly investing in securities whose price would be affected by the columns he wrote. Mr. Winans's roommate, David Carpenter, and a former stockbroker, Kenneth P. Felis, also are on trial.

Secretary Caspar W. Weinberger, the national security adviser, Robert C. McFarlane, the chairman of the Joint Chiefs of Staff, General John W. Vessey Jr., and Kenneth L. Adelman, director of the Arms Control and Disarmament Agency.

Also attending were Paul H. Nitze and Edward L. Rowley, the negotiators at two sets of arms control talks with the Russians that broke down and who are now special advisers.

Mr. Reagan said before the meeting that his negotiators were "a great team, Super Bowl-type." The Super Bowl is professional football's championship game.

The president, in an apparent move to win bipartisan support, said he had charged his negotiators with keeping appropriate members of Congress informed.

The White House spokesman, Larry Speakes, said that the president, who has denied widespread reports of rifts between moderates and hard-liners among his arms control advisers, wanted officials and Congress to be united behind the U.S. team at the talks.

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Envoy to Nouméa Sees Whites as Shifting Views

Reuters

NOUMEA, New Caledonia — Edgard Pisani, the French envoy mediating between white settlers and indigenous Melanesians in New Caledonia, said Tuesday he believed the whites had begun to realize that independence for the Pacific territory was inevitable.

"You now have the question starting among the New Caledonia people of the how and the when and no longer the question of if," Mr. Pisani said.

His remarks followed an announcement Tuesday by a French High Commission official that France planned to build a major military base on New Caledonia once the Pacific territory became independent.

The official said that President François Mitterrand of France, during his 12-hour visit here Saturday, approved building the base.

Mr. Pisani said he thought that enough settlers now realized independence must come and this would swing the balance in a referendum. He has proposed holding a referendum in July on whether the territory should become independent in special association with France next January.

Nineteen persons have died in racial violence in the past two months as the Melanesians, known as Kanaks, have pressed for independence from France.

The 55,000 Kanaks are outnumbered by 90,000 European settlers and Asian immigrants, most of whom are opposed to independence.

Meanwhile, the territory remained under dawn-to-dusk curfew imposed on Jan. 12 after settlers held violent protests in reaction to the shooting of a French youth.

On Tuesday, the Kanak Socialist National Liberation Front demanded the release of 87 detained militants as a condition for allowing a nickel mine to reopen after it was sabotaged Sunday.

The Kanaks denied that they had sabotaged the equipment, and blamed the raid at the mine on anti-independence groups they said are trying to discredit them. Six trucks were destroyed, three damaged and a control panel in the mine was blown up. The mine is in the east coast town of Thio.

The front said in a statement that it would block resumption of production at the mine if the 87 detainees were not released and if security forces did not withdraw from the area.

The front the saboteurs arrived by helicopter around dawn.

New Caledonia, which is 1,500 kilometers (about 900 miles) east of Australia, is the world's third largest nickel producer. Deposits of the metal and tourism are the backbone of the economy.

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André Fontaine

Le Monde to Vote On Acceptance of Outside Funding

Reuters

PARIS — The daily newspaper *Le Monde* may accept outside capital for the first time provided its independence is not put in jeopardy, its new managing director, André Fontaine, says.

Faced with a debt of about 80 million francs (\$8.2 million), the newspaper would accept the funds "on condition that contributions remained in the minority, identifiable and diversified, so as to avoid any takeover," Mr. Fontaine said Monday.

Under the paper's system of ownership, journalists hold 40 percent of the shares. Combined with the 11 percent held by the managing director, who is always a journalist, the editorial staff retains a majority.

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INFO-USA / DIPLOMATIC TIES WILL FOLLOW US PRESIDENTIAL ELECTION.

Rebulet — The Israel Government has decided to restore diplomatic ties with the United States in the week after the US Presidential election, which falls on November 6. It was Iraq which severed diplomatic ties in 1967 in protest at American backing for Israel in the June war of that year against Arab States.

TURKEY / SIGNIFICANT DECLINE IN CRUDE OIL OUTPUT NOT PREDICTED.

Rebulet — The Turkish authorities have revised downwards their forecasts for the country's crude oil production this year, from 1.5 million to 1.2 million metric tons, compared with 1.5 million in 1984. In December last year the government forecast that, with increased output from the Bakur field (operated by IFF Petroleum), there would be a 10 per cent increase over the 1984 level.

SAUDI ARABIA / SKEWED GROUP'S OIL-FLOW PROBLEMS CONFIRMED.

Ag — The Saudi-based Shuaiba group officially said its leaders to agree to a moratorium on its financial affairs in late August, confirming earlier

Reagan Urges Rally Against Abortion to Bar Violence

By Ruth Marcus

Washington Post Service

WASHINGTON — President Ronald Reagan, speaking from his Oval Office, told a cheering crowd of more than 70,000 anti-abortion protesters on Tuesday that "these days, as never before, the momentum is with us" to end legalized abortion.

But the president, addressing a "March for Life" rally on the 12th anniversary of the Supreme Court decision that women have a constitutional right to abortion, also repeated his condemnation of the recent rash of attacks on abortion clinics across the United States.

"We cannot condone the threatening or taking of human life to protect the taking of life by way of abortion," Mr. Reagan told the protesters who gathered on the Ellipse before marching to the U.S. Capitol and the Supreme Court.

It was the first time that Mr. Reagan has spoken directly to the protesters. In previous years, he has met privately with leaders of the anti-abortion movement.

A White House spokesman said the president decided to speak to the protesters because "he is very supportive of legislation and other efforts to overturn" the Supreme Court decision.

Despite temperatures below freezing and sharp winds, the crowd was the largest ever at the annual rally. It was double last year's total of 35,000, according to U.S. Park Police estimates.

Mr. Reagan, speaking over a telephone-loudspeaker hookup, told the demonstrators, "I am proud to stand with you in the long march for the right to life."

"I am convinced that our response to the 12th anniversary of the 1973 Supreme Court ruling 'must be to rededicate ourselves to ending the terrible national tragedy of abortion,'" he said.

"I am convinced that spirit of understanding begins with a recognition of the reality of life before birth and a recognition of the reality of death by abortion."

"But that spirit of understanding also includes, as all of you know, a complete rejection of violence as a means of settling this issue," Mr. Reagan said.

Abortion clinics in the United States tightened security on Tuesday in response to warnings from the Federal Bureau of Investigation that the anniversary of the abortion ruling could prompt attacks against the facilities.

Since 1982, there have been 30 bombings or arson attacks against family planning and abortion clinics in the United States.

Security at the Supreme Court also was extraordinarily heavy.

The organizers of the march are pressing for passage of a "paramount human life amendment" to the constitution that would bar all abortions, even where the life of the mother was in danger.

"We want the 'paramount human life amendment' with no compromise, Mr. President," a leading march organizer told Mr. Reagan over the two-way telephone hookup.

"Good for you, and I support you," Mr. Reagan replied. In the past, he has supported a constitutional amendment, but with an exception to allow abortion where the mother's life was in jeopardy.

The White House later said that the president did not mean to go beyond his previous position.

The 1973 Supreme Court ruling in the case of *Roe v. Wade* overturned a Texas law forbidding abortions except to save the life of the mother. Under the decision, women legally may have abortions for any reason until the fetus becomes viable — able to live outside the womb. After that time, usually considered to be six months into a pregnancy, an abortion is allowed to protect the woman's health, but states may take steps to protect the life of the fetus as well.

Youssef K. Lule, President Of Uganda After Amin, Dies

The Associated Press

LONDON — Youssef K. Lule, 72, who was the president of Uganda after the fall of Idi Amin and was himself deposed shortly afterward, has died in London, BBC reported.

Mr. Lule was president of Uganda for 10 weeks after the overthrow of Marshal Amin in April 1979 by Ugandan rebels backed by troops from Tanzania.

But after an internal power struggle, Mr. Lule was replaced as president by Godfrey Binaisa and sent to Tanzania, where he spent three weeks under armed guard before being allowed to fly to London.

Mr. Lule arrived in London suffering from a serious blood disorder. He had been treated in 1971 while in London when he was in exile opposing the Amin regime.

He was an academic as much as a politician. He was educated at Fort Hare University in South Africa and the University of Edinburgh. He was a lecturer at Makerere University before becoming a minister in Britain's colonial administration of his native country.

Other Deaths: Isuro Sakizaka, 87, one of Japan's leading Marxist economists and an influential theorist of the



ENGINE FAILURE SUSPECTED — Officials investigating the crash of a chartered plane in Reno, Nevada, said that engine failure was a possible cause. A lawyer for the airlines, Galaxy, said 3 of the 67 aboard survived, but 2 were in critical condition. The Lockheed Electra L-188 crashed into a recreational vehicle sales lot Monday.

U.S. Space Shuttle Begins Countdown For Launch Today on Secret Mission

By John Noble Wilford

New York Times Service

CAPE CANAVERAL, Florida — Although the countdown has begun for the planned launching on Wednesday of the space shuttle *Discovery*, the digital countdown clocks at the press site remain dark.

It was another reminder that this is to be the first secret military mission in American manned space flight.

The two terse status reports issued on Monday by the National Aeronautics and Space Administration were scarcely more informative. They said little more than that the countdown "was in progress" and "continuing essentially on schedule."

The countdown was understood to have begun on schedule at 4 A.M. Recent shuttle countdowns, including the one for the *Discovery*'s last flight in November, ran about 34 hours, which would lead to a liftoff on Wednesday morning.

Preparations this time are either more time-consuming, perhaps because of the secret payload, or are being stretched out over a longer period. The air force has announced that the *Discovery* is to be launched between 1:15 P.M. and 4:15 P.M. on Wednesday.

(Temperatures that fell to 19 degrees Fahrenheit (minus 7 degrees centigrade) Monday night caused

water pipes to freeze and put the shuttle's countdown three hours behind schedule on Tuesday. The Associated Press reported. Officials said that Wednesday's weather forecast called for high temperatures in the mid-50s Fahrenheit (about 12 degrees centigrade).)

The darkened countdown clocks and the inexactness of the announced liftoff time are part of the Defense Department's efforts to make it difficult for Soviet tracking facilities to follow the mission, at least in its early phases. In addition, the Pentagon is believed to be establishing a precedent for secrecy for all its future shuttle flights.

The *Discovery*'s crew arrived at the Kennedy Space Center on Sunday afternoon for final preflight briefings and training. The commander is Captain Thomas K. Mattingly of the navy, who flew one of the early shuttle missions. The other crew members, who will be making their first journey into space, are Lieutenant Colonel Loren J. Shriver, Major Ellison S. Onizuka and Major Gary E. Payton of the air force, and Lieutenant Colonel James F. Buchli of the Marine Corps.

The status reports did not give any details of the astronaut's activities. Unlike all previous crews, the astronauts were not permitted to hold preflight news conferences.

According to widely published accounts, the reason for all the secrecy is that the *Discovery* will be hauling an electronic intelligence-gathering satellite to be placed in orbit within a few days of launch. The satellite is reported to be a more advanced version of the type of Sigint (for signal intelligence) craft that have been used for years in monitoring missile tests and listening in on radio communications.

Since it is known that a powerful upper-stage rocket is attached to the payload, the assumption is that a satellite will be released from the shuttle's cargo bay and then boosted to an orbit 22,300 miles (36,200 kilometers) above the Equator. This is an orbit well within the new rocket's boosting capability and a position preferred for many intelligence-gathering satellites.

The mission also represents a crucial test of the air force rocket, which is needed to keep the shuttle program on schedule for the rest of the year. Plans for at least four of the 12 shuttle missions scheduled for this year depend on the successful operation of the satellite-boosting rocket, according to NASA.

The duration of the flight has not been announced. The time of the shuttle's return to Cape Canaveral is to be announced about 16 hours before the landing.

Decade of Decline for Labor Groups

(Continued from Page 1)

great impact on the course of events.

In the Netherlands, for example, the unions tried everything they knew — strikes, working to rule and mass demonstrations — to prevent a 3-percent pay cut for government workers and a 5-percent cut in general welfare benefits. The government of Prime Minister Ruud Lubbers refused to budge and after six weeks was victorious.

In Britain, the picket-line violence that has marred the miners' strike has hurt not only the miners' own cause but also the cause of unions in general and that of their political arm, the Labor Party.

It was a public workers' strike, with piles of garbage in the street and difficulties in the hospitals — the so-called winter of discontent — that helped Mrs. Thatcher get elected in 1979. Four years later, she won a second term in an election that saw a majority of union members voting for the Conservatives or the Social Democratic-Liberal alliance rather than supporting the Labor Party.

Among prominent European politicians, only Tony Benn, the Labor left-winger, sees the unions gaining strength. He contends that the coal strike is working fundamental changes in the views of the

British work force by "re-creating political trade unionism" of a militant sort that ultimately will drive the moderates to the wall.

"No social change ever begins at the top," Mr. Benn said. "This just war of the miners is radicalizing the labor movement from underneath, through a level of political education we haven't seen in this country in a couple of generations. People will go to their graves 50 years from now with political perspectives shaped in 1984."

Many others involved with unions, however, say they think the weakness of unions poses problems for society as a whole. That view is particularly prevalent in Latin countries.

"There is a very grave danger, and it is a danger not just for unions but for governments and enterprises and others, for everyone," said Mr. Spinetta, a top civil servant in France's Labor Ministry. "Part of the role of a union is to channel and give coherent form to the needs and wants of workers and employees. If these things are not canalized, there can be serious explosions."

Such fears, according to Daniel Singer, a journalist who writes often about French unions, stem from 1968. At that time, he said, "everyone was saying that trade unions were useless, and then the kids exploded in spontaneous strikes and showed that something could be done."

"I personally don't think it will happen again," he said, "not under a left-wing government. But had the right still been in power and laid off so many workers and cut unemployment pay as Mitterrand has done, there would have been a social upheaval, of that I am absolutely sure."

NEXT: Unions in West Germany, the exception to the general decline.

U.S. Will Deport Dutchman Guilty Of Land Fraud

United Press International

LOS ANGELES — A Dutch citizen who has admitted bilking thousands of European investors of about \$500 million in what prosecutors say is one of the biggest land frauds in history is to be deported.

Judge Richard Gadbis Jr. of the U.S. District Court in Los Angeles sentenced Riekman Kamer, 41, to 16 months in prison Monday, but gave him credit for 15 months served. Mr. Kamer also was ordered held until he is deported Feb. 11 to the Netherlands, where he faces additional criminal charges.

An associate, Bernard Whitney, 66, was sentenced to six months in a community care facility. Mr. Whitney suffers from numerous debilitating illnesses, and Judge Gadbis said he believed that sending him to prison would amount to a death sentence.

A 57-count grand jury indictment charged Mr. Kamer and Mr. Whitney with persuading investors in the Netherlands, Belgium and Germany to buy land in desolate areas of the Antelope Valley in Southern California, in Utah, Texas and New York as tax shelters. The land was supposed to be developed as expensive housing tracts or plush recreation resorts. But the developments never occurred, prosecutors said.

Japan Socialist Party, Tuesday of a stroke in Tokyo.

Lord Thomas Bologh, 79, a Hungarian-born economist who was a personal adviser to former Prime Minister Harold Wilson in the 1960s and then minister of state for energy, Sunday in London.

Luis Spota, 60, a novelist and television journalist, Sunday of cancer in Mexico City.

A 'Freeze' Takes Many Forms on Capitol Hill

New York Times Service

WASHINGTON — In the White House and on Capitol Hill, "freeze" is a popular term for a budget plan to bring the federal deficit down. But the term is being used in different ways by President Ronald Reagan and Congress.

In his inaugural address on Monday, Mr. Reagan said that he would submit a budget "aimed at freezing government program spending for the next year." What he is proposing, administration officials said, is not freezing individual programs but holding overall government spending next year, excluding payment of the national debt, to this year's level of about \$230 billion.

Under Mr. Reagan's concept, his military budget would be allowed to increase by about 6 percent after an increase to make up for inflation. To hold overall spending at a stable level, nonmilitary programs would have to be frozen, reduced or eliminated.

In the House of Representatives, the approach to a freeze has come to mean treating all programs alike, including the military budget.

But the Republican leadership in the Senate is rethinking from an across-the-board freeze. Robert J. Dole of Kansas, the Senate majority leader, said last week that Republicans would not back a freeze on military appropriations, although he added that Mr. Reagan's military spending request would still be trimmed.

Other appropriations in the 1986 fiscal year would be held to 1985 levels, except for benefit programs for the poor. Cost-of-living programs for other pension and benefit programs, perhaps excluding the Social Security program of retirement benefits and disability payments, would be eliminated for one year.

None of these approaches in 1986 would save enough in projected spending through 1988 to get the

Cold Damages Citruses; Florida Calls Emergency

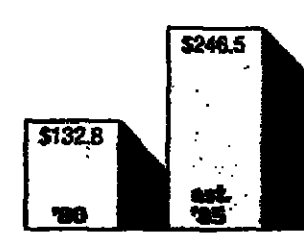
The Associated Press

ORLANDO, Florida — Governor Bob Graham declared a state of emergency in Florida on Tuesday after two nights of icy weather that severely damaged citrus fruit and vegetable crops in the state.

"Florida's agricultural industry is being deeply affected by this late freeze," the governor said in Tallahassee after signing an executive order declaring the state of emergency.

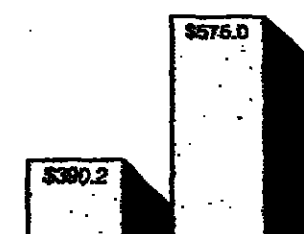
Military Spending

For fiscal years, Department of Defense military outlays, in billions of dollars.



Domestic Spending

For fiscal years, all nonmilitary spending except interest on the Federal debt, in billions of dollars.



Source: Office of Management and Budget

NNT

federal budget deficit, now projected at more than \$200 billion in 1985, down to \$100 billion.

The Reagan administration has abandoned the goal it set for itself in December of reducing the deficit to \$100 billion by 1988.

The Senate Republican leadership still clings to \$100 billion as its target. But to reach that target, Republicans would have to go beyond an across-the-board freeze on spending and eliminate some programs.

None of these approaches in 1986 would save enough in projected spending through 1988 to get the

Farmers in U.S. Midwest Protest Financial Plight

By Andrew H. Malcolm

New York Times Service

CHICAGO — Thousands of farmers, their families and owners of small businesses have demonstrated in St. Paul, Minnesota, and in Chicago to protest the financial plight of Middle Western family farms.

The demonstrations, in bitter cold weather Monday on the steps of the state capitol in St. Paul and at the Board of Trade in the Chicago financial district, were generally peaceful, although a dozen people were arrested here for criminal trespass and disorderly conduct.

[Another 20 farmers were arrested Tuesday as they tried to enter the Chicago Mercantile Exchange in a second day of protests, The Associated Press reported.]

"Fair prices for the farmer is no more than a fair wage for the American worker," said Carlos Wely, an organizer of the Chicago demonstration, which drew 300 farmers from 16 states.

In Minnesota, scores of businesses and more than three dozen school districts closed to support a march on the capitol by 10,000 rural people and their supporters.

The demands included an extended moratorium on farm foreclosures, guaranteed operating loans to finance each year's planting and cultivating, and a fair price for agricultural commodities.

"These are just plain old American people going to St. Paul to reclaim social and economic justice," said Bobbi Polzine, one of the organizers for Groundswell, a coalition of groups trying to counter the effect of low prices and high interest rates in the countryside.

Various studies have indicated the worst economic impact is on middle-size farms, those of a few hundred acres. One Minnesota survey predicted that 13,000 farmers there faced foreclosure in the next 18 months. In Iowa, land values have fallen 37 percent since 1981,

meaning farmers have lost \$35 billion, nearly \$1 billion a month, in equity and collateral.

"We must find the solution that will save the family farm," said Glen Anderson, a Minnesota state representative who offered a package of relief measures to the legislature. They included \$225 million in property tax relief and elimination of sales tax on agricultural parts and machinery.

The farmers maintain that speculative trading in quantities far larger than what is actually produced artificially depresses crop prices below the cost of production.

Thomas P. Cunningham, the board president, said his organization was merely a marketplace for the laws of supply and demand. "We are not the cause of the problem," Mr. Cunningham said. He blamed instead crop surpluses, high-interest rates and the strength of the dollar, which makes U.S. agricultural exports more expensive abroad.

LE ROY

by ROBERT L. HENNING

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THE NEW YORK HERALD

EUROPEAN EDITION OF THE NEW YORK HERALD TRIBUNE

LINDBERGH ARRIVES ON RECORD-BREAKING FLIGHT

50,000 Roar Welcome at Field As Lone American Lands After Ocean Dash of 33hr. 30min

Linbergh Tells of His Flight: 'Not Really Sleepy,' He Says; Was Within Ten Feet of Sea

Heroic Airmen, Nonchalant, Think First of His Mother

SWISS TO RECOVER MILLIONS FROM U.S.

MAJESTIC HASHER

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DOONESBURY



Kip Hanrahan: A Portrait of the Record Producer as Auteur

By Michael Zwerin
International Herald Tribune

PARIS — Sensitive tape, sophisticated sound treatment machinery and multitrack mixing techniques turned the recording studio into a musical instrument in the mid-1960s. (The 1967 Beatles album "Sergeant Pepper's Lonely Hearts Club Band" is generally considered the benchmark.) Technicians, managers and business people began to make aesthetic contributions. The credit "Producer" was added. Producers were leaders, singers, soloists, composers, arrangers, or somebody they or the record company hired.

Producers left increasingly noticeable imprints; strong personalities such as Jerry Weider, Phil Spector and Quincy Jones were sought after for commercial as well as musical reasons. They assumed responsibility for elements from choice of material, concept and casting through texture, mixing, pressing, jacket design and marketing. The producer of a record began to resemble a film director in relation to the final product.

With Kip Hanrahan the resemblance is total. Within the next two weeks, two albums — "Vertical" and "Conjure" — financed by his company — will be

released under his name. Producing was his sole function. Describing this representative of a new breed of artist, the French newspaper *Le Monde* recently called Hanrahan "the Jean-Luc Godard of contemporary music." Hanrahan describes Godard as "my father."

"It's like back in De Witt Clinton High School the blacks more listened to Motown artists and the Latins to Joe Cuba," he said.

"Those of us who wanted to be above the fray listened to Miles Davis. Maybe I liked Miles more for what he represented — he was so cool — than for his music. May-

be that's the way I feel about Godard.

"How do I describe myself? I try very hard to come up with enigmatic answers to that question. They change every week. 'Musician' involves a cruel seductiveness. You try to justify yourself somehow. A certain amount of romance is involved. People excuse your eccentricities when you're a musician. The ladies like musicians. Anyway, I'd rather not describe myself by how I sell my labor. It's a constant struggle not to be seduced. It's just me. This is what I do."

With his fast tics and intense verbal flow, it's easy enough to

guess he is from New York. Other New Yorkers might spot a Bronx accent. He wanted to be "the best American outside-left pro soccer player" until he met the bandleader and composer Carla Bley when he was 15 — he is 30 now — and started sealing envelopes and working as a gofer for her organization after school ("I learned a lot about record distribution"). Saturday nights he would play percussion in Latin bands. He spent his money on "vices like listening to jazz in Slugs and taking girls to Coney Island."

After graduating from Cooper Union film school at 19, he researched a "critique of Jean-Paul Sartre's Marxism as limited by his understanding of self and other" at New York University while trying to raise money to make a film that would "take Sartre apart."

Realizing that records were a lot cheaper to make than films, he set out to objectify an elusive sound in his head — Latin percussion with rock and jazz elements — with a childhood friend, Jerry Gonzalez. Although he learned basic recording techniques, the project failed because "I thought his taste was miserable and he thought mine was unrequested."

Hanrahan's background was Latin music and jazz, and he had met some rock players through Bley. He wanted to "put together a bunch of musicians who would by their mere presence force the next person to shift out of their ghetto, out of their mannerisms, to be forced to re-invent themselves. The New York music scene is one of the most ghettoized communities in the world, outside of South Africa. Everybody knows the cats who play their own type of music and that's it."

In 1979 he found an investor who "works in a muffler shop," and began to break down ghetto walls by putting together an eclectic "cast" including Jack Bruce, once singer and bassist with the legendary 1960s rock group Cream, the blues singer Taj Mahal, the new

By Madise Simons
New York Times Service

SALVADOR, Brazil — Jorge Amado sat in his unkempt tropical garden on a recent day, having 158 friends to lunch — such notables as the town mayor, the university rector, adepts of African spiritism, a well-known virtuoso of a one-string instrument. They were celebrating their host's latest novel, "Tocaia Grande" (Big Ambush).



Jorge Amado

Amado, 72, has long been Brazil's best-selling novelist, though he was exiled for a time and his books banned because of leftist activities in the 1930s and 1940s. Today he is something of an institution, mak-

ing the publication of his new novel tantamount to a national event. More than any other writer, this teller of earthy, tropical tales has taken Brazilian literature to the world. His books have been published in 46 languages and sold about 16 million copies.

But it is here, in northeastern Brazil — the setting for his affectionate satires about prostitutes, politicians, scoundrels, street philosophers — that the myth of Jorge Amado is strongest, and perpetuated by the world he re-creates.

At his rambling home, surrounded by hundreds of pieces of folk art, he conducts his life with the benevolence and paternalism expected here of someone with wealth, power or fame. He receives constant requests to donate money, serve as witness at a marriage, be godfather to a child. Journalists solicit political comments from him. A constant procession of visitors passes through his house.

Amado, a round, white-haired man with eyes that go from melancholy to droll, said these visitors and his participation in provincial town life were essential to his work.

"I nourish myself with this," he said. "I need contact with people — I have to touch earth."

His wife, Zelia Gattai, recalled that that day's visitors had included the elders of a *comendado* community, practitioners of an African spiritist cult widely popular in Brazil. They had come to tell him that the spirits had chosen him as a patron for an initiation ceremony. (This meant he had to pay for the ceremonial clothes and festivities, said Gattai.)

Later, carrying a copy of "Tocaia Grande," a priest came to ask for an autograph, then knelt in front of the author and kissed his hand. By lunchtime, the neighborhood tinker had brought a large lizard, the kind Amado likes to eat.

"As a writer, I am a product of my links with the people of Bahia," said Amado, referring to the state where his writing is set. "I need to see how they think and feel. Without this I could have no intimacy with my characters."

But Amado and Gattai — who types her husband's manuscripts and has just published her third book of anecdotes about their life — have also become hostages to the world they created, and have to flee it when they want to work.

"We live like gypsies," she said.

"Jorge has to travel to be able to think."

Amado novels such as "Gabriela, Clove and Cinnamon," "Tent of Miracles" and "Dona Flor and Her Two Husbands" have been written in hideaways, hotel rooms, friends' homes. Amado said



Jorge Amado

the latest book — his 22d novel, tracing the birth of a town, starting when henchmen of a cacao plantation ambush a group of settlers — took three years to write in four different residences.

Friends said that, above all, the author wanted with this book to defy critics who have claimed that he has become repetitive in his erotic themes and has commercialized his art. "This book was difficult for Jorge," said one friend, his publisher, Alfredo Machado. "He becomes more anxious every time because he has to outdo himself. He took this book as a challenge to show that, after 50 years of writing, at age 72, he is at the top of his form."

The first printing of 150,000 copies of "Tocaia Grande," which came out last month, was sold out within two weeks.

Amado cited several difficulties with the book. "I had already done four novels about the cacao region," he said, "so everything had to be seen from a different perspective. And there is no central character but dozens of stories, individual stories, which, little by little, become a collective story and turn into a community. I had a lot of trouble conceptualizing it."

He confirmed that he rarely prepares outlines for his works. "I'm incapable of making a plan," he said. "I know people who construct books beforehand, but I never know what will happen. My stories are constructed by the characters that take me along."

"For me a book is done when the characters walk and live on their own feet. That's why the beginning of a book is always so hard for me."

'Waste': A Well-Acted Play on Righteousness

By Michael Billington
International Herald Tribune

LONDON — Harley Granville Barker (1877-1946) is one of the neglected figures of British theater. He was the leading young actor of the pre-1914 generation. He established the importance of the director through his productions of Shaw at the Royal Court and of Shakespeare at the Savoy. He campaigned ceaselessly for a national theater. And, as a dramatist, he left behind a clutch of plays that give a laconic portrait of the hypocritical smugness of Edwardian society.

One of the best of them, "Waste," has been revived by the Royal Shakespeare Company in its small Barbican theater. The fit John Barton's elegant, beautifully acted production proves Barker had a sharper eye for the reality of politics than any British dramatist of this century. The play deals with a radical politician, Henry Trebell, whose career is ruined when his mistress dies in the course of an illegal abortion. When the play was written in 1907 it was refused a license by the Lord Chamberlain, ostensibly because of its references to a "criminal operation."

Since then, the play has rarely been seen (it did not get a West End production until 1936). What emerges now is Barker's rare ability to combine public theme and private issues — in particular, his obsessive concern with the emotional sterility of pioneering visionaries. His hero, Trebell, is the architect of a bill to dissolve the Church of England and divert its surplus funds to education — a popular measure, which the Conservatives use as an election winner.

But in the play's great third act, the incoming Conservative cabinet gradually ditches Trebell because of his involvement in sexual scandal. It is a wonderful piece of writing that captures the step-by-step move from wily pragmatism (with the Conservatives persuading the dead woman's husband to keep his mouth shut) to moralizing smugness as the politicians contrive to keep the bill while sacrificing the man.

What lifts Barker's play onto another level is his perception of the link between emotional emptiness and visionary reform. Trebell is an ambitious workaholic ruined by momentary lust. He finally realizes that the conception of a child is more important than the creation of a bill, but then, in the ultimate irony, he loses both.

Theatrical attacks on politicians are now two-penny. Barker's achievement was to create real people rather than vulgar cartoons, and a star-packed RSC cast brings his characters to abundant life. Daniel Massey as Trebell has a feverish, nervous excitement when at work, but when in defeat he faces an empty desk you feel that all his meaning has drained from his life. Judi Dench plays his mistress, Amy O'Connell, with a light brioche and a mature flirtiness, even down to the lightly arched instep prescribed by the text. There is sterling support from Tony

Church as a Conservative prime minister who views the collapse of his schemes with a laudable unflappability; from Maria Aitken as Trebell's spinster sister, who symbolizes the chronic waste of female potential; and from Charles Kay as a fishlike puritan who exudes the odor of moral righteousness.

The British theater's obsession with turning novels into plays continues, with Shared Experience's production of Samuel Richardson's 18th-century classic, "Pamela," on view this week in Winchester and returning to London in April. The book is a four-volume epic consisting largely of a servant's letters home about her master's attempts to exercise his *droit du seigneur*. But the adapters, Giles Havergal and Fidelis Morgan, have solved the inherent problems by presenting "Pamela" as a rehearsal-room run-through.

It works superbly simply because it sets Richardson's story in a modern context. Half the time we are reminded of the author's implicit feminism and his realization that a woman is more than a piece of disposable property; for the other half we recognize how far we have traveled from the chauvinism of the 1740s, when it was thought improper for a mother to nurse her own child.

Sian Thomas is excellent as a mutinous actress angry at having to play fill-in roles, and Robin Hooper as the show's director executes a number of female parts with suspiciously hectic enthusiasm.

YEAR END REPORT
FROM THE INTERNATIONAL
HERALD TRIBUNE
TO ITS READERS AND
ADVERTISERS

couraged when nearly 12,000 readers returned their questionnaires, providing an unusually broad sample of our daily audience.

Advertising aimed at this important audience has also been climbing, with 1984 sales increasing by 23 percent over 1983. Once again, this was the best growth in many years.

As readers have undoubtedly noticed, there was a marked increase in the use of four-color and spot-color advertising in the IHT in 1984 — by more than 75 percent over 1983. Classified advertising, where advertisers depend on fast results, also increased significantly.

We believe this growth in readership and in advertising support ultimately reflects our progress in two other areas: our editors' efforts to produce an increasingly valuable newspaper, and the efforts of our circulation and production team to make that paper available to readers in more places on a more timely basis.

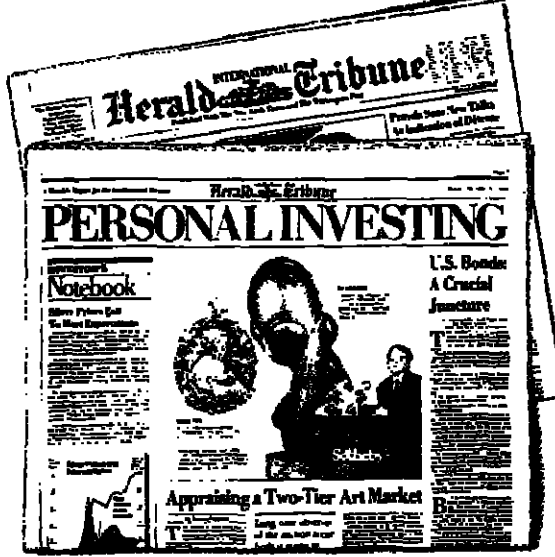
Concerning the newspaper itself, an expanded team of editors and writers has helped us not only to increase the scope of our coverage but also to preserve and advance the IHT's reputation for accurate and balanced reporting.

One of the biggest editorial expansions in 1984 was the new "Personal Investing" sec-

tion, now appearing on the second Monday of each month and designed to help our readers look beyond national boundaries as they make their savings and investment decisions.

Other editorial advances ranged from regular new columns on "International Management" and "The European Economic Community" to a substantial increase in our listings of international sports results. A new "American Topics" column, appearing on Mondays and Saturdays, provides a fuller sense of American society. The winter and summer Olympics and the American political campaign were topics for expanded news coverage, and once again this year our editors produced more than 60 special reports on a wide range of countries and industries.

On the delivery front, the IHT's technological expansion continued with the start-up of our seventh facsimile printing site in May, this one in Marseille. International Herald Tribune copies now reach the South of France and Spain earlier than ever as a result. To mention one example, the IHT's arrival time in Madrid is now 8:30 A.M. (coming from Marseille by truck and then plane) compared to 12:30 P.M. when the paper was



flown from Paris. Further new printing sites are under consideration.

Other IHT activities in 1984 included five well-attended conferences, with speakers ranging from U.S. Vice President George Bush to Portuguese Prime Minister Mario Soares. And new guides to European travel and Paris food joined the growing IHT book list.

On all these fronts and others, we hope to make further advances in the year ahead. But that will require your continued help. Your decisions — to read this newspaper and to place your advertising in its pages — ultimately determine the pace of our advance. That is why it is so important for us to feel in touch with you, sharing information about the newspaper with you, and learning from you about your reactions and interests. So keep in touch — you can be sure that your letters to us are carefully read and noted.

With thanks again and very best wishes,
Lee W. Huebner
Publisher

Lee W. Huebner

1984/160,000

1983/153,571

1982/144,891

1981/139,280

1980/129,227

Herald Tribune

Published With The New York Times and The Washington Post

And Now Back to Work

A general atmosphere of peace, prosperity and pride applies mainly to affluent America. There is little feeling of well-being, for instance, among the 20,000 homeless crowded into New York shelters. Yet the national spirit represents a substantial achievement. President Reagan was right on Monday to recall the "economic stress" when he took office, and he is entitled to his oratory about golden years and America reaching for her best. Restoring a spirit of national pride is an achievement that was rewarded with overwhelming re-election.

That re-election itself further explains the national mood. Not in 25 years has a president finished two terms. The promise of continuity means that the public can rock along comfortably without having to think much about Washington; familiarity can breed contentment. But now the election has finally ended, Mr. Reagan's victory has been certified in ceremony and it is time to get back to work.

What does the president want to do? He says he wants to do something about two goals, deficit and defense. Or does he? What he says about those goals clanks with contradictions.

After 50 years of deficit spending, it is time somebody did something, the president asserts manfully. "If not us, who?"

If not us, who? Ronald Reagan is borrowing three times as much as a Jimmy Carter ever did. By the end of his term he will have borrowed more than all previous presidents combined. On his record, the only thing Mr. Reagan appears to mean is: "If I don't stop borrowing at this rate, well, that will be the next president's problem."

Then he proclaims with a straight, even stern face: "Let us make it unconstitutional for the federal government to spend more than it takes in." Mr. Reagan says that knowing that he is having trouble cutting \$50 billion out of his new budget, and that even if he succeeds he

will still be spending \$170 billion more than he takes in. Further, although he has for years been calling for a balanced-budget amendment, he has not yet proposed one to Congress.

He is just as full of contradiction about defense. He complains of bloated government, yet the essence of his muscular diplomacy is a bloated Pentagon. He thinks America's defenses are sufficiently repaired to warrant a new start in arms control, yet he continues to discredit mutual assured destruction, the only effective deterrence in sight, as ineffective, even immoral. He spent paragraphs of his second inaugural address promoting a science-fiction notion of nuclear defense. Pushing that idea now, 30 or more years ahead of its time, is the surest way to aggravate the arms race in offensive weapons. Perhaps Mr. Reagan does not understand this paradox and is merely driven by those around him who oppose all arms restraints. Perhaps he understands it very well and thinks of diplomacy only as a sop to doze while the arms race continues. In any case, by failing to use such occasions to proclaim realistic objectives, he remains strategically uninspiring and, worse, unclear.

If Mr. Reagan is serious about halting to spend borrowed money, then he has to stop spending so much of it for the Pentagon. If he is serious about not wanting to spend more than he takes in and cannot cut spending enough, then he has to take in more, in taxes. If he is serious about arms control, then he has to give the White House or the State Department the authority to squelch its opponents at the Pentagon and the Arms Control Agency.

The president has earned his second term. He can now ride his mandate. The question is, in which direction? As Matthew Arnold once said about freedom, it is a good horse—but it is a horse to ride someone.

—THE NEW YORK TIMES.

Another Colonial Puzzle

New Caledonia never mattered much except to its 140,000 or so inhabitants, but now it also matters, considerably, to the French. They face parliamentary elections next year in which President François Mitterrand's handling of New Caledonia, which he visited Saturday, seems likely to be an important issue.

The issue bears a strong family resemblance, as almost all colonial issues do, to Algeria, for whose affairs Mr. Mitterrand was the responsible minister in the 1950s. There is a group of French settlers, and some others, who wish to stay with France; and there is a group of native Melanesians, known as Kanaks, and some others, who wish independence. Things started to get violent on a small but disturbing scale late last year. In response, the French offered a plan for limited independence— independence "in association" with France. A referendum on the plan is scheduled for July. If it is approved, France will remain in charge of defense and internal security, and the settlers will keep their French citizenship but also will vote in local elections. Nonetheless, the settlers fear being sold out, and the Kanaks find the

plan a denial of their claim to sovereignty. In the seemingly endless series of colonial end games, the Western nations not immediately involved almost always have a clear idea of what the Western nation that is involved should do. Let go as gracefully as possible, sooner rather than later, before the costs in the territory and the political costs at home get out of hand. For all the West's experience in such political activity, however, it is never easy for the involved country to take such advice. That country tends to resist receiving it, even from friends. One nation's embarrassment often becomes a matter of alliance-wide concern. Inevitably, apprehensions come to be voiced that the Russians, if they are not actually manipulating the scene, stand to gain from it.

Perhaps it will be different in New Caledonia. Perhaps Mr. Mitterrand will manage to find a clever, peaceful way to preserve the rights and privileges of Europeans in a place whose native population becomes increasingly determined to have independence. If he does succeed, however, it will be a first.

—THE WASHINGTON POST.

Other Opinion

Concerns for the Second Term

President Ronald Reagan, as leader of the Western nations, carries with him into his second term a very great responsibility for the peace and stability of the world.

At the outset of his first term, Mr. Reagan promised a major tax cut, a major increase in defense spending and elimination of the budget deficit. These promises then seemed to conflict with each other, and this proved true. His failure to fulfill his third promise was the most disappointing. The deficit, instead of being reduced, is expected to reach a record \$200 billion this fiscal year. We wonder if Mr. Reagan will be able to adhere to his policy of reducing the deficit through reducing expenditures without increasing taxes. We are very concerned by the huge U.S. budget deficit, which drives up interest rates which in turn are one cause of the Japanese-U.S. trade deficit.

—The Daily Yomiuri (Tokyo).

Despite his militant tone at the start, Mr. Reagan proved a very cautious and moderate president after all. He wants to use his second term to gain a place in the history books as a man who was able to turn around the nuclear threat to the world. It remains to be seen if the Soviets will van him that honor.

—Gazer Van Antwerpen (Antwerp).

A security shield that does not militarize outer space but demilitarizes ground arsenals, makes nuclear weapons obsolete and rid the

world from the threat of nuclear destruction is an aim considered by most experts to be unattainable. These experts say that the "star wars" program aims at destabilization and in fact militarizes outer space. That would make downright impossible an agreement on the reduction of offensive weapons. In the light of his inauguration speech, Mr. Reagan continues to stress ongoing military development.

—Magyar Nemzet (Budapest).

Failure Again at Cyprus Talks

In the approach to the meeting between Greek and Turkish Cypriot leaders which broke up in acrimony in New York on Sunday, the UN Secretary-General took the role of allowing, if not encouraging, a crucial ambiguity about the nature of the "document" on which the meeting was based. The Turks described it as a "draft agreement," while the Greeks saw it only as "a basis for negotiations." Mr. Denktash has now gone home claiming to have withdrawn all his concessions, apparently in the hope that international opinion will no longer blame him or his Turkish protectors for the lack of a solution. But, whatever the infidelities of Mr. Kyprianou's negotiating style, that is hoping too much. The crucial issue remains whether Turkey is willing to withdraw her troops. Had there been a real negotiation, the Greek Cypriots were willing to concede almost everything in return for that one assurance. It seems that it was not forthcoming.

—The Times (London).

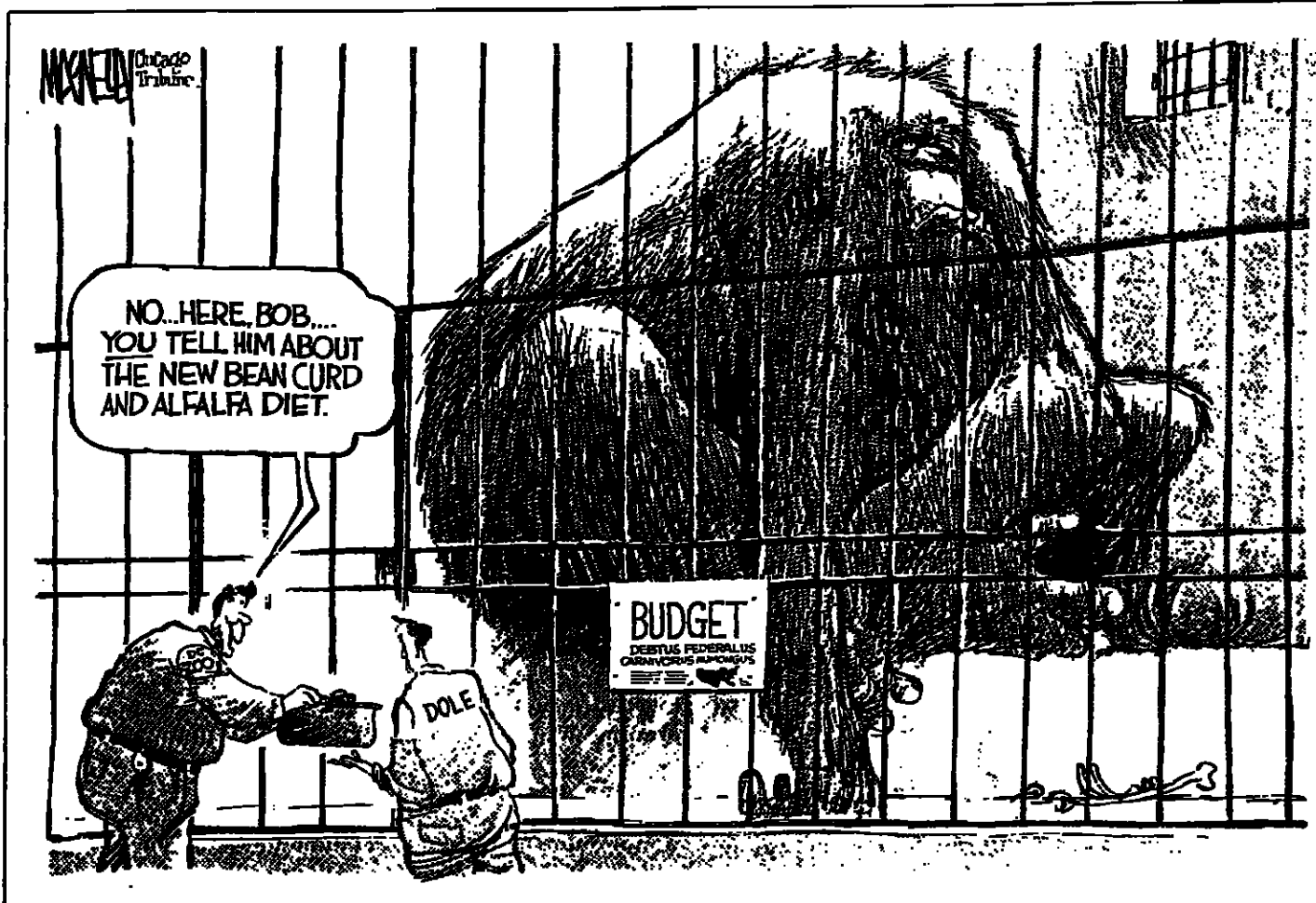
FROM OUR JAN. 23 PAGES, 75 AND 50 YEARS AGO

1910: Turks Want 'Powerful Navy'

PARIS—Hilmy Pasha, recently Grand Vizier of Turkey, who is in Paris, received a Herald correspondent [on Jan. 22]. Questioned as to the programme of the [Young Turk] Committee of Union and Progress, Hilmy Pasha said that his successor, Hakkı Bey, intends to follow the lines laid down by himself and that they are both working for the advancement of the empire. He said: "Turkey at the present moment is in a better position, both financially and commercially, than ever she was before. It is important that we should now build a powerful navy, not only in the interests of Turkey, but also for Greece, for on the unity of Turkey and Greece depends the maintenance of the Ottoman Empire. They must stand together; there must be no friction of any kind."

1935: Nomads Blamed for Massacre

PARIS—Following the news that a French official, sixteen native militiamen who were accompanying him and eighty Issas tribesmen had been massacred in French Somaliland by Abyssinian raiders, it was learned that the attackers were members of the Assai-Maras tribe, a clan of nomads who often attack both French and Abyssinians and who are beyond the control of Emperor Haile Selassie I. As a consequence, there is no likelihood of the affair developing into an international incident. The massacre took place at Marbeito, where Albert Bernard, French deputy colonial administrator, was surprised by 800 Assai-Maras tribesmen on Jan. 17 while hurrying to Dikil, where the raiders were reported to be burning villages and killing French citizens.



Individual Freedoms and the Common Weal, Too

By Robert H. Walker

This is the second of two articles.

WASHINGTON—The Reagan administration, now passing its midpoint, is notable for its antipathy to broad federal authority in all matters but national defense. The prospect of eight years of continuing attack on Washington's regulatory and welfare functions raises some serious potential problems.

But what has been the good of all the federal programs? Can one say that economic democracy has been advanced when wealth distribution, measured in quintiles, is nearly the same now as it was in 1800? Are the poor not still with us? Are not the descendants of slaves still disproportionately represented among them? Is not a woman's wage, for equivalent work, still a fraction of a man's?

These are not easy questions, but a number of political scientists and economists have been actively furnishing answers. As regards political democracy, the rise in raw numbers of voters offsets the lagging percentages to some degree. And as ways are developed to measure participation outside the voting booth it becomes apparent that the American citizen is relatively and increasingly active. Compared with his foreign counterparts he feels himself a part of the process; compared with his ancestors he is developing more effective ways to bring political attention to neglected groups and problems.

As far as economic payoff is concerned, several important conditions lie just beneath the troubling surface. Inequality of wealth has been far from static. And since the nation has absorbed millions of new citizens—most of them poor—some argue that it is a positive achievement simply to have kept inequality from rising. Further, inequality of income is far less than inequality of wealth.

A more profound question has to do with the proper economic responsibilities of political democracy. Only a very few ever believed that universal suffrage would lead to equality of wealth. So long as there is no preventable malnutrition or widespread poverty, who cares how many museums J. Paul Getty has? From this point of view the system has come closer to success. Poverty has not been eliminated but, recent studies indicate, there are fewer pockets of "hard core" poor than had been expected. Aid in kind has reduced the more pathetic consequences of being poor.

Having ended slavery and extended suffrage to women, has the federal government been able to advance social justice for blacks, women and other groups perceived as disadvantaged? The answer begins with the recognition of an enormous shift in attitude. Early in their history Americans assumed that the only way to

help those special groups was by providing a separate setting: an asylum, a reservation, a technical school. For a century social progress was measured by the quality of those facilities. Then the goal shifted from separate-but-equal to "mainstreaming." The quest for integrated equality is relatively recent.

No, the government has not brought social justice for all. Much progress has been made, astonishing progress in some cases, as in the earning power of black women. One could argue about how much of the progress is due to federal initiative, but there is no doubt that most of these advances have resulted from action by the executive, the Supreme Court and Congress. Were this activity discontinued it would be sorely missed.

Implicitly a whole spectrum of issues is dismissed by ascription to a lunatic fringe of "reformers" who are presumed to have no connection with the "real world." This image is undesired. Reformers are not extremists. They are middle-class and well educated. The professions have been well represented among them; they have included business leaders and government employees.

Such people have neither decreased in number over the years nor moved from the center. Nowadays they are probably more apt to express their concerns through cash gifts than through joining a protest march, but they are committed and persistent. They have been described as the "extreme middle," which means fiscally conservative and socially liberal. Compared to the population at large they are better educated and more urban, coastal, female and Jewish. Their agenda for the '80s stresses civil rights for blacks; civil liberties for minorities; improved female standing in the labor force; abortion; nuclear nonproliferation; conservation; population control; government accountability and effectiveness.

There are more than 4 million of these reformers and they donate, annually, nearly \$100 million in support of these causes. These people are not victims; they are not cynical; they are not living in an unreal world. They are not anti-business; they come largely from management. They believe in social change as a process in which the federal government must play an essential part. The causes they pursue eventually win.

This segment of the population is delighted with the studies, now emerging, that show the success of many of the Johnson administration social programs—while they lasted.

They will absolutely leap to second the notion that only a program of social justice can underwrite an aggressive and inventive economy. If President Reagan and his policy-makers have underestimated this group, it is surely not entirely their fault. A master of the anecdote, the president touches a universal fondness for the act of individual heroism. We respond. We let him forget that the freedom that makes individual achievement possible is based on a profound and continuing concern for the well-being of the entire citizenry.

But if we lionize the self-made man, we also exert an incredible amount of collective energy to end slavery and mitigate poverty. If we are quicker to make heroes of Andrew Carnegie and Louis Brandeis than of such social reformers as Jane Addams and Edward Bellamy, at least we show an active conscience regarding extremes of injustice. And yet, under the present leadership the American people have a chance to make some big mistakes.

The writer, professor of U.S. civilization at George Washington University, is author of the forthcoming book "Reform in America: The Continuing Revolution," contributed this comment to the International Herald Tribune.

Issues in 1985: It Will Become Harder to Beat About the Bush

By Richard Reeves

WASHINGTON—There was no great debate in 1984 between a conservative president and his liberal challenger. By November Mr. Reagan was pledging to fight for arms control and against cuts in Social Security, and Walter Mondale was arguing for more defense and prudent budgeting. That consensus has set the stage for critical disagreement in 1985. Questions include:

1) Who pays? The size of government—what means the amount of federal taxes—seems to have been determined for a time. Mr. Reagan has given up claims of reducing its size and is trying only to reduce its rate of growth. So who pays the 20 to 25 percent of GNP that will be going to Washington each year?

The key to any tax reform will be the method and total of taxation of the great middle class. Liberals will try to push as much of the tax burden as possible on the rich and corporations without taking so much that insufficient capital remains to underwrite future economic expansion. Conservatives will try to push as much as possible the other way, onto the middle class, but will have to be careful that the squeeze is not so tight that the middle millions do not pay for enough expendable income to pay for

the products and services of multinational corporate America.

2) Should America prepare for a world war? After World War II it adopted a "4½ war" (conventional weapons) defense strategy, trying to maintain the ability to fight major wars in Europe and Asia and a small war elsewhere. After Vietnam came a "1½ war" strategy, under the assumption that if the United States and the Soviet Union were fighting on two continents, the conflict would inevitably become nuclear—and men and tanks and ships would be irrelevant. Then the Reagan administration began trying to fund a "3½ war" strategy. Defense Secretary Caspar Weinberger has testified: "Our long-term goal is to be able to meet the demands of worldwide war, including concurrent reinforcement of Europe, deployment to Southwest Asia and the Pacific and support for other areas..."

3) Can a Pax Americana be imposed? The next step in Reagan-Weinberger thinking is to try to change the strategic balance back to its post-World War II state when America dominated the world.

The trillion-dollar dream is for a breakthrough in space weapons and defense: "star wars." Will it work? Can America afford it? Could the Soviets match it? What would they do if they realized they could not? The answers must begin coming in 1985.

4) Are we really our brothers' keepers? The debate over welfare programs for the poor—not Social Security and middle-class programs—will get down to basics this year. Basically, conservatives are arguing that nothing can be done about most poverty, especially multigenerational black poverty. The logical consequence of that argument is that all the country can do is to try to maintain a growing economy for most of the nation—some of the poor have to benefit—and then combine enough social welfare and police power to maintain tolerable public safety from angry or criminal people of poverty.

Universal Press Syndicate.

Developing Has to Do With Skills

By Flora Lewis

PARIS—In the middle of development, an African official paused to ask: "Who started this 'Third World' rating anyway—first, second, third? Why?"

The occasion was a recent conference of the African-American Institute in Gabon. The remark reflected how much perceptions have changed in little over a generation.

The idea of a "Third World" did not start out as meaning a lower place on the totem pole. It was generated at the 1955 Bandung conference, which President Sukarno of Indonesia, described as "the first intercontinental conference of the so-called colored peoples in the history of mankind."

The purpose was to reject the polarization of the world into blocs led by the United States and the Soviet Union, to map a third way and to spur decolonization. That purpose was reinforced at the 1961 non-aligned summit conference in Belgrade, a gathering of 25 legendary leaders that included Yugoslavia's Tito, Indonesia's Sukarno, India's Nehru, Egypt's Nasser, Ghana's Nkrumah, Ethiopia's Haile Selassie and Cyprus's Archbishop Makarios. Now the nonaligned movement includes well over 100 countries. Some, such as Vietnam, Cambodia and Cuba, are quite clearly aligned.

Classical imperialism, the colonization of territories subjecting indigenous peoples to foreign rule, has almost disappeared. But the vocabulary remains, still passionate although fuzzy. With the exception of the once-proposed Third World label, it could be said that whatever has been achieved or has failed in the oft-demanded transfer of technology and resources, the one transfer that has taken hold is that of vocabulary.

Most of it, even the Marxist catchwords of class, exploitation and neo-colonialism, originated in the industrialized West. So did the words of sovereignty, independence, democracy, individual rights and national dignity. All have meaning, but not the same meaning for everybody.

So there is something skewed in a debate that uses big words to describe the grievances of societies grappling with the terrible problems of entering the modern world against societies that have defined—and not only for themselves—what "modern" means.

It leads to a debilitating hypocrisy, on both sides. Hypocrisy is not all bad. It is a tacit acceptance of standards, even if they are only goals, very far from achievement. But it is an irritant and an obstacle to practical pursuit of what is possible.

One aspect to which I am continually exposed by profession is the complaint about the deforming, anti-social impact of the media. "Haven't you distorted the image of Africa?" asks a Gabonese official who spent years working in European television. A minister proclaims, "The media should be at the service of development." An earnest ambassador from Chad says, "Why don't you consider the consequences? Your reports are drying up foreign investments."

The onslaught makes me defensive. I cannot help reminding the official from Chad that flattering reports that would mislead investors would make Western information services useless, even for his country's purposes. The real reason for the dominance of Western media is that, for all their faults, they are more credible. People do not believe their own palaver, let alone that of their leaders, their neighbors or rivals' leaders.

The best way for African and other developing countries to induce a more accurate, balanced flow of information to the West would be to develop their own press so that it provides a reasonably reliable base.

The arguments offered for why that is not possible stress ignorance, lack of technology, cultural habits and especially the weakness of new nations trying to mold coherence out of deep ethnic hostilities. This, I was told, is why one-party states and dictatorships cannot be avoided. The alternative would not be political pluralism but tribal war.

All that is probably true. But it amounts to a plea for a double standard, a hidden self-discipline wrapped in an alien vocabulary that is divorced from local reality.

The antidote came from an American engineer, a man who has spent his life building bridges and things in improbable places. He is working on a Gabonese railroad and pretends he is a mercenary, not concerned with big ideas and big words. But he is making something real, in a real forest, with real people, to create real wealth. "Third World" began as an assertive political slogan. Now it is a sense of having been left behind. Catching up is not about vocabulary. It is about work and skills.

The New York Times.

LETTER TO THE EDITOR

Achievements in Europe

Regarding the opinion column "Europe's Decline: What Illness, What Cure?" (Jan. 4) by Giles Merritt:

Tales of woe about Europe continue to fill your pages. The theme remains constant: Europe has high unemployment and a lagging economy when compared with the vigorously growing Pacific Basin countries and with the United States. This is the view of someone who sees a glass as half empty. But those of us who like to regard it as half full and who are familiar with the situation on both sides of the ocean have an entirely different view about Europe.

Europe has been rebuilt since 1945. Thriving tourism, delightful central cities, a vigorous and changing educational system and an excellent infrastructure have arisen from the rubble and misery of World War II.

Despite the heavy influx of immigrant labor and refugees from alien cultures and religions, Europe has not experienced the race riots of Watts, the civil war of Korea or the terrorism of the Middle East.

Despite language differences, centuries of hate and strife and clashing nationalistic interests, Europe knows friendship, social commitment to underdeveloped countries, excellent social care for its sick and aged and a high level of tolerance.

At what social cost have the Pacific Basin countries forged ahead? Who takes care of the environment, the aged, the ill, the hungry and the jobless in Brazil? How many homeless wander the streets of New York?

Let's take a balanced look at the glass: It is half filled in Europe, and we will fill it even further.

HANS WYNBERG.

Groningen, The Netherlands.

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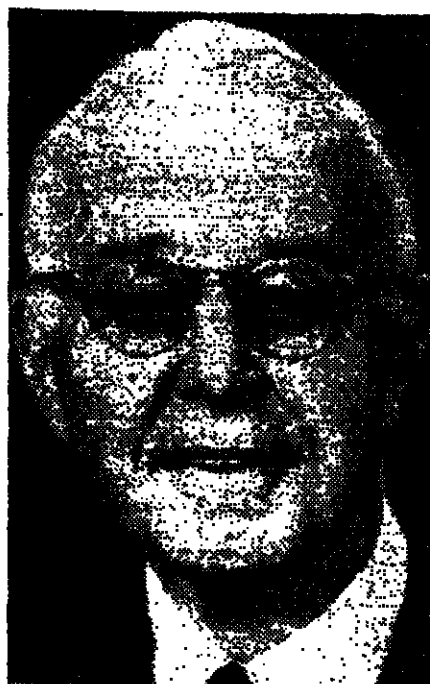
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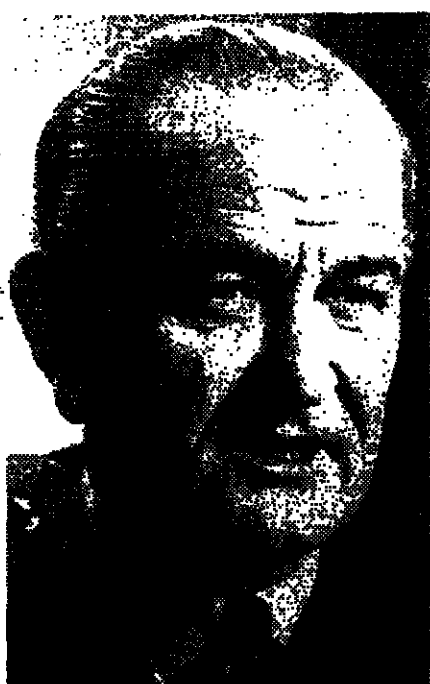
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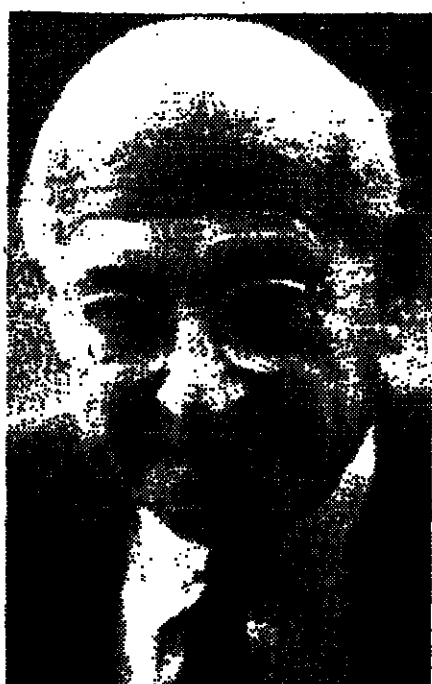
Creighton W. Abrams



Ellsworth Bunker



Lyndon B. Johnson



Walt W. Rostow



Earle G. Wheeler



William C. Westmoreland

The Press and the U.S. Army: A Story of Distrust in an Uncensored War

By Eleanor Randolph
Washington Post Service

NEW YORK — For journalists, the case of Westmoreland vs. CBS Inc. has provided a documentary windfall, a rain of papers that give a glimpse of something many of them suspected 17 years ago, but never saw firsthand.

Within the thousands of cables and memos and letters that have been declassified — their "secrets" or "eyes only" designations scratched out to bring them into the light of public scrutiny for the first time — reside the details of how U.S. military and government officials tried in 1967 to fool the American press, to hide data about the size of the enemy forces in Vietnam.

It is a story about how the military distrusted the media, an uncensored cluster of more than 300 declassified documents.

But it also is a story that helps explain why many in the media distrusted the military. The paper trail documents how much time, effort and concern was used by the men running the war and the government to make certain that the press did not get the idea that enemy forces in South Vietnam were growing at a time when the official line was that they were shrinking.

And the reason that the story is so easily available in the U.S. District Court in lower Manhattan is that it is not technically a part of the CBS trial. Almost three years ago, when CBS Reports aired the broadcast that is at issue in General William C. Westmoreland's \$120-million libel action, the network accused the general and his assistants of trying to deceive the American public, Congress and the president.

But when the case came to trial almost three months ago, General Westmoreland's lawyer, Dan M. Burt, made it clear that he would only concentrate on disproving one issue — the CBS allegation that the general tried to deceive the president.

THE judge in this case, Pierre N. Leval, warned Mr. Burt at the time that it might look a little odd when he charged the jury at the end of the trial with their duty in this matter.

"Let us say," Judge Leval told the lawyers in a pretrial hearing, "that the plaintiff in an imaginary libel suit is somebody who has been accused in a newspaper article of being a mobster who has contracted for the killing of 32 people and the names of the 32 people are given. And

the last name on the list of the murder victims is Joe Jones.

"The plaintiff brings a libel action, says the Denver Chronicle, or whatever it is, libeled me in stating that I arranged for the killing of Joe Jones. . . . It seems to me the judge would have to say to the jury something along the lines . . . [that] you could not find for the plaintiff unless you found that, given the complete propriety of their stating that he killed 32 people, that he was injured in his reputation by the further statement that not only did he kill 32, but he killed 33."

As a result, some of the most fascinating documents put into the public record by this trial are about an uncontested issue — the military leaders' sensitivity about the press and their fear that the media would distort their view of the war.

The concern about the press is not something that a warrior wants to worry about, as General Westmoreland made clear both then and now. His concerns are with troop deployments and strategy.

In his book, "A Soldier Reports," published in 1976, he reminds readers of what other soldiers have said or done about the press. Napoleon said, "Three hostile newspapers are more to be feared than 1,000 bayonets." William Tecumseh Sherman, the Civil War general who tried to hang a reporter for espionage, complained about journalists who "have the impudence of Satan" when they "poke about among the lazy and pick up rumors and publish them as facts."

But what if, as it turned out frequently during the Vietnam War, the military leaders thought we were winning and a lot of their men thought we were not? Who gets to tell their version of the truth, or more precisely, whose truth goes to the public?

It is always a reporter's problem to try to determine who is telling the story straight, who is telling a narrow slice of the story or who is giving out the big picture. Thus, what began to happen in Vietnam was that reporters did not take the generals at their word and the generals did not trust what the reporters were writing about the war.

Many reporters sensed at the time that the facts were being massaged, at best, sometimes hidden in bureaucratic garble. What follows is some of the cable traffic that began when military intelligence found evidence that enemy troops were doing better than thought.

On March 9, 1967, General Earle G. Wheeler, chairman of the Joint Chiefs of Staff, cabled General Westmoreland about the new enemy data that had come from U.S. intelligence in Saigon, the capital of South Vietnam. At that point, the numbers were internal, but as General Wheeler put it: "If these figures should reach the public domain, they would, literally, blow the lid off of Washington. Please do whatever is necessary to insure these figures are not, repeat not, released to news media or otherwise exposed to public knowledge."

TWO days later, a cable followed, expressing concern about how the new figures, showing increases in larger-scale attacks by the enemy, would go against what General Wheeler and other government officials had been telling President Lyndon B. Johnson about the enemy troop levels. He concluded that "the effect of surfacing this major and significant discrepancy would be dynamic."

In the following months, a similar discrepancy arose, one between the Central Intelligence Agency and General Westmoreland's command over whether enemy strength levels were higher than they had once thought. It became clear both to the military men and to the intelligence contingent in Vietnam and Washington that they were going to have to work out a compromise between General Westmoreland's command view that the enemy troops were leveling off at 300,000 and the CIA's view that the number ranged from 420,000 to 600,000.

The CIA wanted to count the home militia, described as children, women and old men, who fought with *puji* sticks and homemade bombs. The U.S. Army began saying that these people were civilians, that it had been a mistake to lump them in with the enemy troop count.

The argument between the CIA and the army had increased by August 1967. But throughout the debate over the numbers runs a fairly consistent thread of concern about what would happen if the press heard about the higher figures.

As a former official in charge of "pacification," Robert W. Komer cabled a CIA official, George A. Carver Jr., on Aug. 19: "You can well imagine the ruckus which would be created if it came out as everything tends to on Vietnam that agency and MACV figures were so widely different. Any explanation as to why would simply lead press to conclude that MACV was deliberately omitting [the home guard] category in order to down-

grade enemy strength. Thus, credibility gap would be further widened at very time when, in fact, we are moving toward much more valid estimates." MACV stands for Military Assistance Command, Vietnam.

The same day, General Westmoreland's intelligence chief in Saigon cabled the head of a military delegation in Langley, Virginia, where the CIA has its headquarters, trying to work out differences with the agency. Major General Philip B. Davidson told General George Godding that the enemy troop figure of 420,000, including the local militia, had surfaced and "has resulted in a stream of protest and denials."

"I am sure that this headquarters will not accept a figure in excess of the current strength figure carried by the press," he said.

A day later, General Westmoreland's deputy, General Creighton W. Abrams, expressed the concern to his superiors of the possible reaction on the issue of the military-CIA debate on figures. He said: "The press reaction to these inflated figures is of much greater concern. We have been projecting an image of success over the recent months, and properly so."

"Now, when we release the figure of 420-431,000, the newsmen will immediately seize on the point that the enemy force has increased about 120-130,000. All available caveats and explanations will not prevent the press from drawing an erroneous and gloomy conclusion as to the meaning of the increase. All those who have an incorrect view of the war will be reinforced and the task will become more difficult."

ON Aug. 29, 1967, the late Ambassador Ellsworth Bunker in Saigon cabled an "eyes only" message to President Johnson's assistant, Walt W. Rostow: "I need hardly mention the devastating impact it should leak out (as these things so often do) that despite all our success in grinding down VC/NVA here, CIA figures are used to show that they are really much stronger than ever. Despite all caveats, this is inevitable conclusion which most of press would reach." VC/NVA stands for the Viet Cong and the North Vietnamese Army.

Over the next few weeks, various branches of the government agreed on a plan they hoped would trick the press, or at least send the journalists covering Vietnam off in another direction. The plan, believed to be instigated by the CIA, was that they would describe the home militia members but not count them. The idea was that if you gave the press numbers of the

civilian enemy, they would add them to the military enemy.

Then the press would compare that total with previous totals, resulting in stories that would be at odds with what a Washington Post writer, Don Oberdorfer, called the "success offensive" by President Johnson in 1967. That was a constant public drumbeat about the progress of the war that backfired when the Viet Cong struck virtually everywhere at once in South Vietnam during the Tet offensive in January 1968.

DURING the pre-Tet period documented in the CBS case, the fear of the press reaction is stated in almost every declassified cable that is in evidence from the Vietnam years. At one point, Mr. Carver of the CIA cabled his superior, Richard M. Helms, explaining how Mr. Komer had given an "hour-plus monologue reviewing his and General Westmoreland's problems with the press."

Mr. Carver, whose telegrams are among the most florid of those from this period, said that Mr. Komer was adamant "in insisting that there must not be any quantification of the irregular forces on the ground that the press would add all figures together and, hence, quantifying the irregulars would produce a politically unacceptable total over 420,000."

On Sept. 16, 1967, Ambassador Bunker sent a confidential "eyes only" cable to Mr. Rostow, announcing an agreement among the various intelligence officers. He added: "We also agree with you absolutely that no background would be appropriate until you, Bob McNamara, Dick Helms and others have had an opportunity to go over the figures and to make sure that we are all on the same wavelength. It is my opinion that we should take extreme care in the preparation of background material and that we should both agree as to content and timing before any public presentation of figures is made." Robert S. McNamara was secretary of defense at the time.

THE following month, on Oct. 28, Mr. Bunker cabled Mr. Rostow again on the draft of a Defense Department press release being prepared on this issue: "One aspect of it still bothers General Westmoreland, Bob Komer and myself. Given the overriding need to demonstrate our progress in grinding down the enemy, it is essential that we do not drag too many red herrings across the trail. Thus, referring to old estimates of the shadowy self-defense and secret self-defense forces [the

home militia] and then saying we have dropped them from the order of battle, it seems to me is simply to invite trouble. We may end up with stories that enemy strength is greater, rather than less. Far better in our view to deal with this matter orally if it arises."

In a little more than a week, officials began briefing the press in Washington and in Saigon, on the new and better intelligence figures. The releases stressed that the new order of battle, or listing of military strength, had harder data on the "fighters" and had dropped the political workers, the women, old men and boys from the list of the enemy because they were "non-fighters." They said in essence that the number of fighters had declined from 285,000 to 242,000, not including political operatives.

MANY reporters who used the figures stuck to the line. In fact, among the few who appeared to go beyond it were The New Republic and The New York Times, both of which finally made a stab at tallying up the totals in December 1967. The New Republic suggested the enemy probably numbered 400,000. The New York Times, in a Dec. 20 article by Hedrick Smith, used the figure of 418,000 to 433,000.

But most reporters either shrugged off the numbers, deciding that the latest quantification of a victory by the military brass was nothing new, or believed them. At The New York Times, for example, Mr. Smith's article was followed a week later by a piece by Hanson W. Baldwin, who said that "military indicators in Vietnam present the most dramatic and clear-cut evidence of progress in the war since the dark days of 1965." Mr. Baldwin cited the figures that were used in the press release.

Perhaps what is most astonishing about all this effort is that these same generals and government officials were waging a war at the time, concerning themselves with many other issues. As General Westmoreland said during the trial, he believed they would have been "dumb oxes" not to be concerned about what the press said in the nation's first uncensored war and the first war televised on the nightly news.

However, as the cable traffic has unfolded in the trial, it might be argued that the press also would have been "dumb oxes" to accept what was given as the unvarnished truth. As General Westmoreland himself said in his autobiography, "It may well be that between the news media and public officials there is an inherent, built-in conflict of interest."

World Bank School Trains Managers of Third World

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — A term at one of Washington's more unusual schools has just ended.

Soulim El Abed Alami, a senior Moroccan civil servant, was among the latest "fellows" in the exclusive school. It refuses to call its students students, gives no examinations, identifies professors as "seminar directors" and provides each "fellow" with an efficiency apartment.

Mr. Alami never learned the words to the school song (his languages are French and Arabic), wears no school tie (because there is none), plays no football (his game is soccer) but says he is returning to Rabat better trained in the arts of development.

This unconventional school is the World Bank's Economic Development Institute. Its alumni include Liberia's minister of health and social welfare, Sudan's state minister for energy and mining, Zimbabwe's permanent secretary in the ministry of finance and economic planning and half the cabinet of South Korea.

The courses run through the Christmas week because most of the fellows come from non-Christian countries: the 100 Third World countries that borrow money regularly from the International Bank for Reconstruction and Development.

The Economic Development Institute is one of several Washington bodies that are barely noticed in the political dynamics of the city but are of great consequence to the outside world. Eugene R. Black, a former president of the World Bank, recalled an experience at Seoul's airport some years ago that illustrates the phenomenon. It was under his presidency, back in 1953, that the school was started. His remembrance came in a speech in 1977.

Korean officials had sought to impress on him the importance of the institute to their country.

"As I got out of the plane there was a great big banner with EDI on it and a band," Mr. Black said. "I was told that every Korean who had ever been to EDI was there. I had no idea there were so many of them. They seemed to be all over the government."

An engineer and agronomist, Mr. Alami is one of the directors of a huge irrigation project in northwestern Morocco. After the five-week course that ended last month, he says he knows "much more about financial management" and is able to integrate it with his technical skills.

With 18 other Moroccan bureaucrats who were his fellow "fellows," he also visited Clyde's restaurant in Georgetown, the White House, the Capitol and other attractions of Washington, spent weekends in the Virginia countryside. He also took a side trip to New York, where he met commercial bankers interested in Moroccan development, including Citibank's retired chief executive, Walter E. Wriston.

"New York City is very dynamic," observed another of the Moroccan participants, Abdelaziz Chagou, a senior official in the Ministry of Finance. "It's America's Casablanca. Washington is very nice, but duller, more like Rabat."

Mr. Alami and Mr. Chagou are among the 20,000 Third World functionaries who have passed through the portals of the institute in its nearly 30 years of operations.

Christopher R. Willoughby, an Oxford-educated British economist who is director of the school, says that last year it "graduated" 2,500 fellows. They took 87 courses ranging from general economic management to social forestry and primary health care. The courses, which varied from two weeks to seven weeks depending on the objective, were given in English, Spanish, French, Arabic and Chinese.

"Expansion of countries' human capacity to manage their own development is a crucial task — many would say, the heart of the development problem," Mr. Willoughby stressed in explaining the school's mission of helping countries improve themselves economically.

The classes are run like graduate school seminars. "Although there are no exams, we give them an awful lot of reading to do," said Guy de Lusignan, the school's associate director.

The seminar directors are drawn from the World Bank itself, which has a corps of well-paid specialists in just about every field of development. The institute started with three full-time instructors; now there are 40.

When it first got under way, the institute encountered some hesitancy and skepticism. In fact, the World Bank was so uncertain about the wisdom of the enterprise that it was willing to pay only half the costs. The other half came from grants by the Rockefeller and Ford Foundations.

"There are a lot of countries that would be much poorer than they are if we hadn't financed dams and roads and ports and power 25 years ago," Mr. Black said in 1976. "But I sometimes think that the gamble we took in establishing EDI was one of the best things we did to help our member countries over the long run."

'Underground' U.S. Press Often Conservative

By David Kupferschmid
Los Angeles Times Service

WASHINGTON — The Harvard Salient, a self-proclaimed "alternative" student newspaper, is literally produced underground. "We're stuck in a 12-by-5 basement room with a one-foot hot-water pipe running through it," said the editor in chief, Lars Waldorf.

Why do Mr. Waldorf and his staff put up with such conditions? "Missionary zeal," he said. "We want to convert what is the dominant ideology on campus."

The Salient is one of about 70 alternative campus newspapers launched recently around the United States. Their editors have much of the moral fervor of their anti-establishment, counterculture predecessors of the 1960s.

But there is one important difference: They are conservatives.

These weekly, monthly, or sometimes irregularly published papers — inspired by the provocative and widely publicized Dartmouth Review and helped by aid from a New York foundation — reflect the conservative mood of many of today's American students. That these publications are blossoming indicates that conservatism, battered by the Vietnam War and the Watergate scandal, is regaining its intellectual and idealistic appeal on campus.

This brand of idealism, said Mr. Waldorf, is "about America and about what democracy can be." Unlike the radical campus press of the 1960s, the new papers cheerlead for "the system" — for capitalism at home, anti-communism abroad. Instead of denigrating big business, they take shots at big labor and government social programs.

Today's students, wrote George DeAngelo in The Observer, an alternative paper at Boston College, "don't scream about the supposed inequities of the profits of corporate America, because they want to share in those profits."

ON campus issues, the conservative papers praise the Reserve Officers' Training Corps, fraternities and sororities, and traditional curriculums. They press for the elimination of "special interest" programs, including women's studies, Afro-American studies, affirmative action and college support for homosexual student groups, which they regard as products of a radicalism being advanced by faculty members and administrators who attended college in the 1960s.

"What remains of real radicalism," Mr. DeAngelo wrote, "is a rather moribund collection of drifty, nostalgic sentiments clustered among younger faculty who long to rekindle the foolishness of the 1960s."

Representatives of the new campus press say it provides an alternative to the liberal bias that pervades many student newspapers. Don McNamara, publisher of the alternative Berkeley

Review at the University of California, Berkeley, says freedom of expression is limited at the student newspaper the Daily Californian, which he says calls "Prov" by the Bay.

Freedom of expression also formed the battle cry of many of the alternative papers of the 1960s, some of which seemed less interested in politics than in shocking their readers. One of the longest-surviving of the formerly radical student underground papers, the Berkeley Barb, recently folded after spending most of its existence as an above-ground venture.

A paper that still survives is the conservative American Spectator, then a counter-counterculture student paper at Indiana University, now a national monthly.

When a small group of students demonstrated against one conservative publication, staff members expressed their studied unconcern by playing croquet nearby, dressed in blazers and penny loafers and sipping gin and tonics.

The Spectator, along with the National Review, Commentary and, surprisingly, the traditionally liberal New Republic, are mentioned most often by the student editors as their political models. Thus, it is no coincidence that the campus papers have such names as the Washington Spectator and the Indiana Commentary. Wesleyan University's alternative paper changed its name from the Wesleyan Adversary, which publisher Andrew Goldman said was mistaken for "a neo-Marxist study group," to the Wesleyan Review.

Confrontation, however, was what lunched the Dartmouth Review into the national limelight after its inception in 1980. And Dartmouth Review "has been the catalyst of this whole movement," said Jerome Taylor, editor of the University of Iowa's alternative paper, the Hawkeye Review.

The Dartmouth Review's Latin motto, which translates into "No one assails me with impunity," is instructive. The original members of the Review staff seemed to be inspired both by Jerry Rubin, a radical activist, and William F. Buckley Jr., a conservative writer and publisher. They provoked outrage with tactics borrowed from Mr. Rubin's Yippies, but at the same time exalted tradition, revered a free-market economy and set the Review's aristocratic tone.

To protest college support of a homosexual student organization, some Review editors proposed the "Bestiality Society" and, with stuffed animals in hand, went before college officials to demand similar organizational recognition and assistance. To protest what they called the Marxist leanings of Oxford, the British lamine-

relief organization, the Review staged a lobster buffet on Oxford's designated day of fasting.

THE Review calls feminists "ugly." It reserves "professorate" for women faculty members it considers to be feminists. An article ridiculing affirmative action programs siding members of minority groups, titled "Dis So Ain't No Jive, Bro," was written in black slang.

When a small group of students demonstrated against the renegade tabloid, Review staff members expressed their studied unconcern by playing croquet nearby, dressed in blazers and penny loafers and sipping gin and tonics.

Offended faculty members and administrators have brought civil suits against five Review staff members in four years, so far without success. One black administrator took matters into his own hands — and teeth — when he assaulted a Review editor, leaving him with a bite wound on the chest.

The faculty voted, 113-5, to censure the paper, a symbolic gesture because the Review is entirely independent of the university.

The Review's editors have done a remarkable job of promoting their paper and have become the shock troops for the new generation of alternative papers. Some of them have gone on in professional life to become leaders of a vocal new generation of conservatives.

Greg Fossedal, class of '81, a Review founder and its first editor in chief, is now an editorial writer at The Wall Street Journal. Dinesh D'Souza, class of '83, recently completed a biography of Jerry Falwell, the Moral Majority leader, and is the editor of a conservative alternative alumni magazine at Princeton University. Steve Kelley, class of '81, is a nationally syndicated cartoonist for The San Diego Union. Other

former editors of the Review have worked as speech writers in the Reagan administration.

Although most editors of the alternative campus papers agree that the Dartmouth Review was instrumental in starting the movement, they give it mixed reviews.

Michael Johns, editor in chief of the Miami Tribune at the University of Miami in Florida, said he likes the Review. But he said his paper has a larger circulation, makes more money and is "more intellectual."

Perry Hinner, editor of the Badger Herald at the University of Wisconsin and a critic of the Review, said: "We put ourselves above politics. Some of these other newspapers are just conservative shams."

The Badger Herald, the Miami Tribune and the Dartmouth Review, each with annual budgets of around \$100,000, are financially sound. Most of their kin are not.

THE struggling ones, said the Tribune's Mr. Johns, are making the mistake of "relying on the welfare state." He was alluding to the Institute for Educational Affairs in New York City, which has given an average of \$6,000 in start-up funds to 61 of the papers.

The institute, which describes itself as a "conservative" nonprofit foundation, said in its annual report that "our grant programs have addressed an underlying antagonism toward traditional American life, institutions and values" in "much of the elite thinking that dominates classrooms, churches and media channels."

But Mr. Johns said that among the institute's beneficiaries, only the Dartmouth Review has become self-sufficient. And he said that most of the Review's money comes not from advertising but from alumni, who are perhaps the paper's biggest fans. "We're the only conservative paper that has become self-sufficient by advertising," Mr. Johns said.

The institute estimates that about 20 of the conservative papers it helped have folded. Others are on the brink of insolvency, but new ones are springing up; the foundation expects eight more papers to apply for grants soon.

Philip Marcus, president of the institute, said he is disappointed by the failures. He plans to reduce by more than 25 percent the size of the average grant, while advising students to seek money from a variety of sources, including student activity funds. But he said he remains "surprised and amazed" by the vibrancy of the conservative journalistic movement.

PERSONALITIES PLUS
MARY BLUME
IN THE WEEKEND SECTION
OF FRIDAY'S IHT

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
AT&T	22 1/2	22 1/4	22 1/2	+1/4	
IBM	100 1/4	100 1/8	100 1/4	+1/8	
Merck	100 1/4	100 1/8	100 1/4	+1/8	
Boeing	100 1/4	100 1/8	100 1/4	+1/8	
Exxon	100 1/4	100 1/8	100 1/4	+1/8	
Amgen	100 1/4	100 1/8	100 1/4	+1/8	
Genentech	100 1/4	100 1/8	100 1/4	+1/8	
Qualcomm	100 1/4	100 1/8	100 1/4	+1/8	
Walt Disney	100 1/4	100 1/8	100 1/4	+1/8	

Dow Jones Averages					
Open	High	Low	Last	Chg.	
Indus	1274.44	1272.72	1272.72	+1.28	
Transp.	1274.44	1272.72	1272.72	+1.28	
Comp.	1274.44	1272.72	1272.72	+1.28	
NYSE	1274.44	1272.72	1272.72	+1.28	
NYSE	1274.44	1272.72	1272.72	+1.28	

NYSE Index					
High	Low	Close	Chg.		
Composite	101.7	101.5	101.5	+0.1	
Industrials	101.7	101.5	101.5	+0.1	
Transportation	101.7	101.5	101.5	+0.1	
Utilities	101.7	101.5	101.5	+0.1	
Finance	101.7	101.5	101.5	+0.1	

Tuesday's NYSE Closing					
Vol.	High	Low	Last	Chg.	
Vol. of 4 P.M.	1747.7000				
Prev. 4 P.M. vol.	146.0000				
Prev. consolidated close	109.9431				

AMEX Diaries					
Advanced	Declined	Unchanged	Volume	Chg.	
Advanced	Declined	Unchanged	Volume	Chg.	
Advanced	Declined	Unchanged	Volume	Chg.	
Advanced	Declined	Unchanged	Volume	Chg.	
Advanced	Declined	Unchanged	Volume	Chg.	

NASDAQ Index					
High	Low	Close	Chg.		
Composite	101.7	101.5	101.5	+0.1	
Industrials	101.7	101.5	101.5	+0.1	
Transportation	101.7	101.5	101.5	+0.1	
Utilities	101.7	101.5	101.5	+0.1	
Finance	101.7	101.5	101.5	+0.1	

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
Walt Disney	100 1/4	100 1/8	100 1/4	+1/8	
Amgen	100 1/4	100 1/8	100 1/4	+1/8	
Boeing	100 1/4	100 1/8	100 1/4	+1/8	
Exxon	100 1/4	100 1/8	100 1/4	+1/8	
Amgen	100 1/4	100 1/8	100 1/4	+1/8	

12 Month High	Low	Stock	Div.	Yld.	PE	12 Month High	Low	Stock	Div.	Yld.	PE
100 1/4	100 1/8	AT&T	2.25	4.5	15.5	100 1/4	100 1/8	IBM	3.00	3.0	13.3
100 1/4	100 1/8	Boeing	1.00	2.0	10.0	100 1/4	100 1/8	Exxon	1.50	1.5	10.0
100 1/4	100 1/8	Amgen	1.00	2.0	10.0	100 1/4	100 1/8	Genentech	1.00	2.0	10.0
100 1/4	100 1/8	Qualcomm	1.00	2.0	10.0	100 1/4	100 1/8	Walt Disney	1.00	2.0	10.0
100 1/4	100 1/8	Merck	1.00	2.0	10.0	100 1/4	100 1/8	Amgen	1.00	2.0	10.0

NYSE Mixed in Heavy Trading

United Press International

NEW YORK — The stock market finished mixed Tuesday, with blue chips backtracking after spectacular gains and the broader list of issues advancing for the 12th day.

The Dow Jones industrial average, which gained 34.01 Monday, lost 1.87 to 1,259.50.

The New York Stock Exchange index advanced 0.16 to 101.28, topping the record high reached in the previous session. The price of an average share increased 5 cents.

Standard & Poor's 500-stock index rose 0.25 to 175.48, also topping a record reached in the previous session.

Advances topped declines by a 9-7 ratio among the 2,067 issues traded.

Big Board volume the fourth-heaviest on record, totaling 174.77 million shares. On Monday, 146.83 million shares changed hands.

Robert Stovall of Dean Witter Reynolds said the results were better than might have been expected after Monday's huge gain. "There were signs of profit-taking with big stocks closing well below the highs of the day," he said.

But with stocks such as AT&T, IBM, General Motors, and Exxon in the forefront of the recent advance, Mr. Stovall said, it's likely that there will be further gains.

The Commerce Department reported the gross national product grew at a strong 3.9-percent annual rate in the fourth quarter of 1984. An earlier estimate for fourth-quarter GNP had the growth rate at 2.8 percent.

For all of 1984, GNP increased 6.8 percent, the best showing since 1951.

The report's measure of overall inflation showed a rate for 1984 of 3.7 percent, the best since 1967.

Commerce Secretary Malcolm Baldrige predicted the growth rate in early 1985 would be

close to that seen in the fourth quarter of 1984. He said a stronger economy could bring higher interest rates but only if Congress does not take strong action in balancing the budget. For the very near future, he predicted interest rates will decline.

The stock market has been responding to "lower interest rates, improved gross national product, optimism about the future and lower inflation," said Harry Villac of Siro & Co. Palo Alto, California. He said compared to other investments, stocks have been undervalued for several years.

On the trading floor, AT&T was the most active NYSE-listed issue, unchanged at 21. IBM was second, up 1/4 to 129 1/4.

Merrill Lynch was third, unchanged at 30. Two blocks of 481,000 shares crossed the tape at 30 1/4.

General Motors added 1/4 to 82 1/2, Ford was unchanged at 49 1/4 and Chrysler fell 1/4 to 33 1/4.

Exxon gained 1/4 to 48 1/4, Chevron 1/4 to 33 1/4 and Sun Co. 1/4 to 46 1/4. Indiana Standard, which raised its quarterly dividend from 75 cents to 82.5 cents, gained 1/4 to 56 1/4. Mobil lost 1/4 to 28 1/4 and Atlantic Richfield fell 1/4 to 45 1/4.

Rockwell International, which reported first-quarter net of 94 cents per share, up 59 cents, added 1/4 to 32 1/4.

Data General Corp., which reported first-quarter net of 87 cents per share, up 40 cents, advanced 1/4 to 62 1/4.

Digital Equipment, which reported second-quarter net of \$1.81 to \$1.41, jumped 2 to 113 1/4.

Texas Instruments spurred 2 1/2 to 129 1/4. Motorola added 1/4 to 37 1/4 and National Semiconductor shed 1/4 to 13.

Control Data fell 1/4 to 35 1/4 and Burroughs lost 1/4 to 61 1/4.

12 Month High	Low	Stock	Div.	Yld.	PE	12 Month High	Low	Stock	Div.	Yld.	PE
100 1/4	100 1/8	AT&T	2.25	4.5	15.5	100 1/4	100 1/8	IBM	3.00	3.0	13.3
100 1/4	100 1/8	Boeing	1.00	2.0	10.0	100 1/4	100 1/8	Exxon	1.50	1.5	10.0
100 1/4	100 1/8	Amgen	1.00	2.0	10.0	100 1/4	100 1/8	Genentech	1.00	2.0	10.0
100 1/4	100 1/8	Qualcomm	1.00	2.0	10.0	100 1/4	100 1/8	Walt Disney	1.00	2.0	10.0
100 1/4	100 1/8	Merck	1.00	2.0	10.0	100 1/4	100 1/8	Amgen	1.00	2.0	10.0

12 Month High	Low	Stock	Div.	Yld.	PE	12 Month High	Low	Stock	Div.	Yld.	PE
100 1/4	100 1/8	AT&T	2.25	4.5	15.5	100 1/4	100 1/8	IBM	3.00	3.0	13.3
100 1/4	100 1/8	Boeing	1.00	2.0	10.0	100 1/4	100 1/8	Exxon	1.50	1.5	10.0
100 1/4	100 1/8	Amgen	1.00	2.0	10.0	100 1/4	100 1/8	Genentech	1.00	2.0	10.0
100 1/4	100 1/8	Qualcomm	1.00	2.0	10.0	100 1/4	100 1/8	Walt Disney	1.00	2.0	10.0
100 1/4	100 1/8	Merck	1.00	2.0	10.0	100 1/4	100 1/8	Amgen	1.00	2.0	10.0

SOCIETE GENERALE
ALSACIENNE DE
BANQUE
\$ US 20 MILLION FL.R.
DUE 1989/1991

For six months, from January 18, 1985, to July 17, 1985 the notes will carry an interest rate of 9.0625 % per annum.

The interest due on July 18, 1985 against coupon number 12 will be \$ US 45.56 and has been computed on the actual number of days elapsed (181) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE
ALSACIENNE DE BANQUE
LUXEMBOURG BRANCH

SOCIETE GENERALE
\$ US 50 MILLION FL.R.
DUE 1991

For three months, from January 18, 1985, to April 17, 1985 the notes will carry an interest rate of 8 7/8 % per annum.

The interest due on April 18, 1985 against coupon number 23 will be \$ US 21.56 and has been computed on the actual number of days elapsed (90) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE
ALSACIENNE DE BANQUE
LUXEMBOURG BRANCH

12 Month High	Low	Stock	Div.	Yld.	PE	12 Month High	Low	Stock	Div.	Yld.	PE
100 1/4	100 1/8	AT&T	2.25	4.5	15.5	100 1/4	100 1/8	IBM	3.00	3.0	13.3
100 1/4	100 1/8	Boeing	1.00	2.0	10.0	100 1/4	100 1/8	Exxon	1.50	1.5	10.0
100 1/4	100 1/8	Amgen	1.00	2.0	10.0	100 1/4	100 1/8	Genentech	1.00	2.0	10.0
100 1/4	100 1/8	Qualcomm	1.00	2.0	10.0	100 1/4	100 1/8	Walt Disney	1.00	2.0	10.0
100 1/4	100 1/8	Merck	1.00	2.0	10.0	100 1/4	100 1/8	Amgen	1.00	2.0	10.0

Currency Rates	
1 US Dollar	1.00
1 British Pound	1.60
1 Japanese Yen	150.00
1 Swiss Franc	1.50
1 West German Mark	1.45
1 French Franc	6.55
1 Italian Lira	200.00
1 Australian Dollar	1.50
1 Canadian Dollar	1.00
1 New Zealand Dollar	1.50
1 South African Rand	1.50
1 Hong Kong Dollar	1.00
1 Singapore Dollar	1.00
1 Taiwan Dollar	1.00
1 South Korean Won	1.00
1 Thai Baht	1.00
1 Philippine Peso	1.00
1 Indonesian Rupiah	1.00
1 Malaysian Ringgit	1.00

Interest Rates	
Currency Deposits	
3 Month	8.75%
6 Month	9.00%
1 Year	9.25%
2 Year	9.50%
3 Year	9.75%
5 Year	10.00%
10 Year	10.25%
15 Year	10.50%
20 Year	10.75%
25 Year	11.00%
30 Year	11.25%
35 Year	11.50%
40 Year	11.75%
45 Year	12.00%
50 Year	12.25%
55 Year	12.50%
60 Year	12.75%
65 Year	13.00%
70 Year	13.25%
75 Year	13.50%
80 Year	13.75%
85 Year	14.00%
90 Year	14.25%
95 Year	14.50%
100 Year	14.75%

Dollar Rates	
1 US Dollar	1.00
1 British Pound	1.60
1 Japanese Yen	150.00
1 Swiss Franc	1.50
1 West German Mark	1.45
1 French Franc	6.55
1 Italian Lira	200.00
1 Australian Dollar	1.50
1 Canadian Dollar	1.00
1 New Zealand Dollar	1.50
1 South African Rand	1.50
1 Hong Kong Dollar	1.00
1 Singapore Dollar	1.00
1 Taiwan Dollar	1.00
1 South Korean Won	1.00
1 Thai Baht	1.00
1 Philippine Peso	1.00
1 Indonesian Rupiah	1.00
1 Malaysian Ringgit	1.00

Money Rates	
1 US Dollar	1.00
1 British Pound	1.60
1 Japanese Yen	150.00
1 Swiss Franc	1.50
1 West German Mark	1.45
1 French Franc	6.55
1 Italian Lira	200.00
1 Australian Dollar	1.50
1 Canadian Dollar	1.00
1 New Zealand Dollar	1.50
1 South African Rand	1.50
1 Hong Kong Dollar	1.00
1 Singapore Dollar	1.00
1 Taiwan Dollar	1.00
1 South Korean Won	1.00
1 Thai Baht	1.00
1 Philippine Peso	1.00
1 Indonesian Rupiah	1.00
1 Malaysian Ringgit	1.00

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WEDNESDAY, JANUARY 23, 1985

INTERNATIONAL MANAGER

French Touch or U.S. Style?
Some Say 'Bicultural' Best

By SHERRY BUCHANAN
International Herald Tribune

FRENCH companies with operations in the United States have had their share of problems. Among these are Agache, Mouton, Rosignol, St. Martin, and Agache. But some of the larger French groups, such as Moët-Hennessy, Club Méditerranée, Meridien Hotels, the Perrier group, the software company Cap Gemini DADS, and Cosmar, the exclusive U.S. licensee of L'Oréal, have fashioned themselves a comfortable spot in the U.S. market.

Some of these successful companies share a management style and organization that have helped them in the U.S. market. Departing from the stereotype of French management, these groups are all decentralized with a senior, quality French, executive at the top who acts as mediator, translator, communicator and financial planner and adviser between the French headquarters and the U.S. companies. Usually the U.S. companies in the group are managed by American managers.

"The best solution is to get a person who understands both mentalities."

It would be an exaggeration to say that there is a direct correlation between management style and success or failure in the U.S. market. In a year-old study done in the United States by Arthur Young International and the French-American Chamber of Commerce, 61 percent of the French subsidiaries surveyed attributed difficulties to the competitive U.S. market, 26 percent to high finance costs and only 13 percent to poor management. "Management problems have not been the main problem faced by French companies in the U.S.," said Serge Belanger, president of the French-American Chamber of Commerce and executive vice president of Crédit Industriel et Commercial in New York.

Most of the companies surveyed attributed their success to a superior product line — but they also referred to two management factors as critical: marketing expertise and superior customer service. Among the growing companies, these functions are usually under U.S. management.

One advantage of keeping a Frenchman at the top is the long ties to headquarters that most managers believe are needed, especially during the start-up period. Yet many French managers expect to be replaced by an American sooner or later. "We note that U.S. subsidiaries in Europe started with senior U.S. managers and gradually switched to Europeans."

"We plan for an American to take over," said Michel Bertin, president of Cap Gemini DADS, which specializes in consulting on software matters. "It's my job to train him and find him." Cap Gemini has been in the United States for four years. "We went six months hesitating about whether to have an outsider or somebody who would know everything about the group," said Mr. Bertin. "I was the first to suggest the latter and movingly got the job. The next thing I knew I was moving with my family to Milwaukee."

S. Bernard Picot, president of the Moët-Hennessy group in the United States, said, "In some ways I am just a prolongation of the French holding company. It's important that the communication line be good between the subsidiaries and the parent, especially in the beginning." Mr. Picot has been in the United States since 1980. Some French companies that have been in the United States for more than 10 years, such as Cosmar, still have a Paris manager.

"What's important is to teach the L'Oréal way," said Jean L. president of Cosmar. Other French operations in the United States want to keep a Frenchman at the top as part of the image. "We try to have French managers," said Robert J. Bie, general manager of the Hotel Parker-Meridien in New York. Despite his own Anglo-Saxon habits at breakfast — he eats

Currency Rates

Latest interbank rates on Jan. 22, excluding fees.

Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian	0.85	Swiss	0.85	Yen	0.007
Belgian	0.47	Thai	0.02		
British	0.75	West German	0.48		
Canadian	0.71				
Dutch	0.63				
French	6.55				
Italian	1.36				
Japanese	0.007				
Portuguese	200.48				
Spanish	166.64				
Swedish	0.13				
Swiss	0.85				
Yen	0.007				

Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian	0.85	Swiss	0.85	Yen	0.007
Belgian	0.47	Thai	0.02		
British	0.75	West German	0.48		
Canadian	0.71				
Dutch	0.63				
French	6.55				
Italian	1.36				
Japanese	0.007				
Portuguese	200.48				
Spanish	166.64				
Swedish	0.13				
Swiss	0.85				
Yen	0.007				

Interest Rates

Eurocurrency Deposits

Term	Rate	Term	Rate	Term	Rate
1M	5.50	3M	5.50	6M	5.50
9M	5.50	1Y	5.50		

Source: Reuters.

Asia/Dollar Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian	0.85	Swiss	0.85	Yen	0.007
Belgian	0.47	Thai	0.02		
British	0.75	West German	0.48		
Canadian	0.71				
Dutch	0.63				
French	6.55				
Italian	1.36				
Japanese	0.007				
Portuguese	200.48				
Spanish	166.64				
Swedish	0.13				
Swiss	0.85				
Yen	0.007				

Source: Reuters.

Key Money Rates

Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian	0.85	Swiss	0.85	Yen	0.007
Belgian	0.47	Thai	0.02		
British	0.75	West German	0.48		
Canadian	0.71				
Dutch	0.63				
French	6.55				
Italian	1.36				
Japanese	0.007				
Portuguese	200.48				
Spanish	166.64				
Swedish	0.13				
Swiss	0.85				
Yen	0.007				

Source: Reuters.

Gold Prices

Currency	Per \$	Currency	Per \$	Currency	Per \$
Australian	0.85	Swiss	0.85	Yen	0.007
Belgian	0.47	Thai	0.02		
British	0.75	West German	0.48		
Canadian	0.71				
Dutch	0.63				
French	6.55				
Italian	1.36				
Japanese	0.007				
Portuguese	200.48				
Spanish	166.64				
Swedish	0.13				
Swiss	0.85				
Yen	0.007				

Source: Reuters.

Profits Up
At Indiana
Standard

17% Rise Came
On Lower Sales

Compiled by Our Staff From Dispatches

CHICAGO — Standard Oil Co. of Indiana has reported that consolidated net income for 1984 rose 17 percent from a year earlier to a record \$2.183 billion, or \$7.70 a share, from \$1.868 billion, or \$6.39 a share.

The rise came despite a decline in revenue, to \$29 billion from \$29.5 billion a year earlier, the company said.

Fourth-quarter net income rose only slightly from the 1983 period, to \$465 million, or \$1.72 a share, from \$459 million, or \$1.57 a share, the company said Monday.

Revenue slipped to \$7 billion in the period from \$7.41 billion a year earlier.

The earnings gains reflected improvements in all of Indiana Standard's principal lines of business, Richard M. Morrow, chairman and chief executive officer, said.

Exploration and production operations benefited primarily from higher volumes in worldwide crude oil and natural gas production, the company said.

Chemical earnings reached a record high as sales volumes and margins improved for all major product lines.

Refining, marketing and transportation operations also reported improved results over 1983.

However, the company said the improvement in these areas was due primarily to more favorable non-operating factors.

The Chicago-based company also said it raised its quarterly dividend on common stock by 7% to 24 cents, to \$24 cents, payable March 10 to holders of record Feb. 6.

The company's shares rose 75 cents Tuesday on the New York Stock Exchange, to close at \$56.50.

(UPI/Reuters)

Canada Proposes Price Cuts

Canada's National Energy Board has proposed cutting the price of the oil it exports to the United States between \$1.13 and \$1.89 a barrel, effective Feb. 1, the Associated Press reported Tuesday.

If the reduction is approved by the cabinet, the price of light oil shipped to the United States would fall to \$25.56 a barrel and heavy oil to \$23.38 a barrel.

A U.S. Trader's Silken Ties to China

Shamash & Co. Develops
Key Role in 2 Countries

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Jack Shamash, a New York-based trader, recently signed an agreement in the northern Chinese city of Dalian, to collaborate with his partners at a multi-course banquet highlighted by frequent toasts and servings of crunchy fried silkworms.

The peanut-sized silkworms, a not uncommon food in China, were singularly appropriate because Mr. Shamash had just signed a joint venture with China Silk Corp., one of the biggest of the state-owned enterprises. It produces silk in nearly all of China's provinces and employs 50 million workers.

Mr. Shamash and his Western partner in the Dalian venture, Courtaulds Ltd. of London, each agreed to invest \$1.5 million to set up a dyeing and finishing plant in China for mass silk, a rough-textured fabric used for blouses and other sportswear. His family-owned trading company, S. Shamash & Sons of New York, will market the fabric to apparel makers worldwide. Courtaulds, an old-line British textile producer, is supplying the manufacturing expertise.

The United States imports \$100 million worth of silk annually, \$20 million of which comes from China — and 80 percent of the Chinese imports are handled by the Shamash company. The roots of this relationship go back a century. Mr. Shamash, 60, was born in Baghdad but came to New York City as a teenager. He is descended from a family of Iraqi merchants which has traded with China for more than 100 years.

Mr. Shamash is one of the few China traders to survive in America after the years of China's isolation from the West. With the doors wide open again, S. Shamash & Sons is booming, not only as a textile merchant, but also as a broker for other American companies seeking business with the Chinese.

As the leading silk importer into the United States, Mr. Shamash has a network of contacts both in Beijing and the provinces. Now that the provinces have been given more economic autonomy, he is being asked increasingly to advise them both on investment and export policies. He recently helped Suzhou province, for example, on the sale of glassware to the United States.

At the same time, through new relationships with Jardine-Matheson, the giant Hong Kong trading company, Minnesota Mining and Manufacturing Co. and Courtaulds, he is emerging as a broker engaged in helping American and other foreign companies either sell or invest in China through joint ventures with the Chinese.

When not in Dalian, Mr. Shamash may be in Beijing, Shanghai or Guangzhou, or in the provinces. He makes several trips annually, spending two to three months a year in China. He travels with a guide, but rarely uses an interpreter, relying instead on what he describes as passable Mandarin.

Typically, after a flight to a provincial city, a shabby, vintage Toyota will take him from the airport to hotels like the Dalian, a faded and cracked structure in Dalian town, or the New Swan Hotel in Harbin, a city in Heilongjiang province. Sometimes he stops at the Shanghai Peace Hotel, which used to be owned by a trading company that his grandfather and father had been connected with.



Jack Shamash: A 100-year family tradition that started with teas and opium.

"Our family has been associated with China for 100 years, starting with my grandfather Saleh Shamash, who represented E.D. Sassoon, a Baghdad-based company with branches in India and China," Mr. Shamash said. "They traded in teas, silks and opium."

Saleh Shamash not only represented the Sassoon trading company but was related to the Sassoon family by marriage, and named his son for them. Sassoon Shamash established his own trading company, first in Baghdad and later in New York. His son — who early on simplified his given name from Jacques to Jack — was sent from Baghdad to school in England, but completed his education at Horace Mann High School in the Bronx, New York, and the University of Virginia; then he joined the family business in New York. He has never lived in China.

In 1949, after the Communists came to power, Sassoon Shamash moved his Far East operations out of China to Japan, and concentrated on developing trade with Korea. But in April 1972, two months after President Richard M. Nixon's trip to Beijing, S. Shamash & Sons was invited by the government to return to the China silk business.

"China trade runs in the blood," Mr. Shamash said. "That's probably why they invited us back. They're believers in tradition."

He added: "Personal relationships are extremely important."

(Continued on Page 11, Col. 1)

Central Banks
In Europe Act
Against Dollar

Compiled by Our Staff From Dispatches

LONDON — Coordinated intervention by several European central banks succeeded in braking the dollar's rise in European trading Tuesday. But the U.S. currency remained well bid and ended at Monday's closing levels, dealers and analysts said.

The central banks of West Germany and Austria confirmed that they had sold an unspecified amount of dollars, with dealers estimating that the Bundesbank alone may have sold about \$100 million.

Dealers said that the Bank of England, which two weeks ago was still staunchly refusing to defend the pound, took part in Tuesday's attempt to sap the dollar's strength.

Dealers also said that the French, Dutch and Scandinavian central banks were also active, although there were no signs of intervention by the U.S. Federal Reserve Board.

The orchestrated sales, which dealers called moderate at about a total of \$250 million, appeared to confirm the banks' resolve to honor the agreement reached by five finance ministers in Washington last week to enter the markets as necessary to check any excessive dollar rise.

Before the intervention, market anticipation that the United States would release data showing a strong rise in the U.S. gross national product last year had pushed the pound under \$1.12 and the Deutsche mark to a record low of 3.1845.

"Rather than wait for the GNP figure, the banks probably decided to show the market clearly they were prepared to defend their currencies," said David Sawyer, deputy economic adviser at Barclays Bank PLC in London.

The U.S. Commerce Department reported after the intervention was already underway in Europe that the U.S. economy expanded by 6.8 percent in 1984, the best expansion for any year since 1951, and by 3.9 percent in the final quarter. At the same time, the agency reported, inflation slowed to a rate of 3.7 percent for the year.

However, Tuesday's intervention appeared to promise more than it delivered, analysts noted. Although the dollar sank to as low as 3.16 DM after the concerted sell-off began, it recovered to finish in Frankfurt at 3.165 DM, little changed from its finish Monday.

Later in the United States, the dollar rebounded to 3.170 DM.

Other late dollar rates in Europe, compared with late Monday: 2.6683 Swiss francs, up from 2.6663; 9.70 French francs, down from 9.71; 3.55785 guilders, down from 3.5805; 1,948.75 Italian lire, down from 1,948.75, and 1.3240 Canadian dollars, up from 1.3212.

In London, the pound fell against the dollar, to \$1.1245 from \$1.1255 late Monday.

Other late dollar rates in New York included: 2.6790 Swiss francs, 9.71 French francs and 1.32445 Canadian dollars, up from 1.32335. (Reuters/AP)

Allianz Chief Forecasts
Higher Profit for 1984

By Warren Gerdler

International Herald Tribune

MUNICH — Allianz Versicherungs-AG, West Germany's largest insurer, will apply 1984 earnings to company reserves and toward a dividend payment at least equal to the current 10-Deutsche-mark (33.15) payout, according to the company's chief executive, Wolfgang Schieren.

But Mr. Schieren, who predicted higher earnings for the year without being specific, sought to dispel speculation that the company is about to launch itself into financial services. Allianz, which is undergoing a major restructuring, is flush with cash that could be used to finance a takeover or diversification program.

"Establishing our own full-service bank would not be particularly sensible for Allianz," Mr. Schieren said Monday. But he did not rule out some future engagement with banks in an effort to stake out an unspecified role in consumer credit.

Mr. Schieren said Allianz is interested in acquiring a large insurance company in the United States. He said, however, that "you need a good offer, and currently we don't see any."

Last May, Allianz dropped plans to acquire the insurance divisions of Amoco Inc., the diversified U.S. steel and energy group.

Mr. Schieren also said that Allianz intends to lift its stake in Italy's second-largest insurer, Rinnione Adriatica di Sicurtà (RAS), to 51.5 percent by 1987 from its current 21.5-percent stake. He said that Allianz has allocated 1 billion DM out of reserves to finance its growing stake in RAS but has left untouched a 550-million-DM capital gain realized through its sale early last year of a 30-percent stake in Eagle Star Holdings PLC.

The RAS takeover would significantly expand Allianz's premium income from abroad, as more than half of RAS's premium funds are foreign-based. The foreign share of 1984 premium income at Allianz grew to 19 percent from 17.2 percent in 1983, Mr. Schieren said. World group premiums rose 5.7 percent, to 16.3 billion DM, from

15.4 billion DM a year earlier, he said.

Mr. Schieren said that 1984 consolidated earnings, benefiting primarily from markedly higher earnings from capital investments as well as gains of more than 200 million DM from the sale of securities, would likely top 1983 group earnings. But, he said, earnings from insurance activities would not reach the year-earlier result of 182 million DM.

Earnings from Allianz insurance operations were depressed chiefly by poor casualty insurance results at Allianz's U.S. subsidiaries and elsewhere outside West Germany, in addition to a 300-million-DM setback in claims resulting from a destructive hailstorm that hit southern Germany in July, Mr. Schieren said.

Allianz posted net group profit of 320.4 million DM in 1983, up 26 percent from 254.8 million DM a year earlier.

People Express
Raises Most
Of Its Fares

The Associated Press

NEWARK, New Jersey — People Express Airlines Inc., a leader among discount airlines, is raising fares an average 10 percent on all but one of its flights.

The fare boosts, announced by the company Monday, range from \$1 to \$26 on one-way travel and take effect March 1.

The increases result from "general cost increases," said Russell Marchetta, a spokesman for People Express.

"Everything we're buying in the operation of the aircraft is going up except for fuel prices, which remain stable," Mr. Marchetta said.

Some of the fare increases:

From Newark International Airport, where the 4-year-old airline is based, to Washington's Dulles International Airport air fares will rise to \$30 for all flights. The current fares are \$19 during off-peak hours and \$29 during peak hours.

Fares from Newark to London will rise to \$169 from \$159 for coach class and to \$450 from \$439 for premium class.

The fare from Newark to National Airport in Washington will rise to \$30 from \$29 for off-peak flights, and to \$50 from \$45 during peak hours.

Fares from Newark to Boston, Baltimore, Hartford, Connecticut, and Norfolk, Virginia, will increase to \$30 from \$19 for off-peak flights, and to \$50 from \$29 for peak-hour flights.

Coach fares from Newark to San Francisco and Los Angeles will rise to \$129 from \$119 during off-peak hours, and to \$169 from \$149 during peak hours.

The only flight on which fares were left unchanged is service between Baltimore and West Palm Beach, Florida, which is \$89 off-peak and \$99 peak.

Hong Kong Land Sells Utility Stake

United Press International

HONG KONG — A leading Hong Kong property developer, crippled by the slump in the colorful property market, said Tuesday that it will sell its controlling interest in a local utility in an effort to reduce its massive debt.

Hong Kong Land Co. announced that it has agreed to sell its 34-percent stake in Hong Kong Electric Holdings Ltd., one of two power companies in Hong Kong, to the conglomerate Hutchison Whampoa Ltd. for \$371 million (2.9 billion Hong Kong dollars).

Hong Kong Land currently has \$1.9 billion in debt, acquired through heavy borrowing during the colony's property boom in 1981.

The market property slump amid the uncertainty that followed

the September 1982 start of negotiations between Britain and China on Hong Kong's future.

"I have been watching this company for two years now," said Li Ka-shing, the chairman of Hutchison, a prominent Hong Kong businessman. "This is a good investment for Hutchison."

Hong Kong Land once exemplified Britain's business fortunes in Hong Kong. It still owns 70 percent of the office space in the central business district.

In 1982 Hong Kong Land bought a downtown waterfront site for more than \$500 million to develop a twin-towered office complex called Exchange Square.

The company had hoped to rent office space at \$5.10 per square foot (about \$55 per square meter).

But prices for such prime locations have now dropped to \$2.70.

The company sold its 34-percent interest in its other utility holding, Hong Kong Telephone Co., two years ago.

Simon Murray, chief executive of Hutchison, said Hong Kong's property market has "still got a long way to go," but declined to predict whether Hong Kong Land will recover from its debts. They are expected to peak at \$2 billion, according to company estimates.

Mr. Murray said Hong Kong Land probably made no profit from the sale.

Stock-market trading in Hong Kong Land, Hutchison and Hong Kong Electric shares was suspended Tuesday morning after rumors swept the colony of the impending announcement.

In Besse, Renault Gets Deft 'Surgeon'

New York Times Service

NEW YORK — Georges Besse, who was named Tuesday as the next chief executive officer of Renault, France's state-owned automaker, has the reputation of being a deft corporate surgeon, skilled at restructuring troubled nationalized companies without making political waves.

The appointment of Mr. Besse, 58, follows the resignation Monday of Bernard Hanon, who was forced out by Prime Minister Laurent Fabius in a dispute over Renault's mounting deficits. The company's loss for all of 1984 is estimated at 9 billion francs (\$925.9 million).

Mr. Besse's appointment Tuesday in Paris by Renault directors is expected to be confirmed Wednesday by the French cabinet.

Mr. Besse, who comes from a modest family, is a graduate of France's elite Ecole Polytechnique. He began his career in the nationalized nuclear industry, where he helped build up Cogema, a nuclear-services company.

After a spell at Elf Aquitaine, the state-controlled oil company, Mr. Besse was tapped by France's Socialist administration in 1982 to take charge of Pechiney Ugine

12 Month		Stock	Div.	Yld.	PE	Six		Close
High	Low					Wks	High Low	

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1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406																																																																																																																																	
1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.0

[illegible][illegible]

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BUSINESS ROUNDUP

American Express Co. Posts Profit

The Associated Press
NEW YORK — American Express Co. said Tuesday that it earned \$169.5 million in the fourth quarter, sharply reversing a year-earlier loss of \$21.9 million.

But another financial services and investment company, Paine Webber Group, said its fiscal first-quarter profit tumbled 35 percent from a year earlier despite a 21 percent revenue gain.

American Express, whose investment unit is Shearson Lehman/American Express Inc., said fourth-quarter profit equaled 76 cents a share, up from 55 cents a year earlier. Revenue rose 38 percent to \$3.5 billion from \$2.5 billion.

For all of 1984, American Express said earnings rose 18 percent to \$609.6 million, or \$2.79 a share, from \$514.7 million, or \$2.53 a share, in 1983. Annual revenue increased 25 percent to \$12.9 billion from \$9.8 billion.

Paine Webber said its net income fell to \$6.03 million, or 36 cents a share, from \$9.21 million, or 55 cents a share, a year earlier. Revenue rose, however, to \$452.7 million from \$373.1 million.

Both companies said their investment firms reported difficult quarters because of low interest in the securities and commodities markets. American Express shares closed at \$38.50 on the New York Stock Exchange Tuesday, down 62 1/2 cents, while Paine Webber closed at \$31.50, up 3 3/4 cents a share.

Many of the big investment firms made major investments and added to their costs to accommodate the stock market rally that began in August 1984. But now the firms are having to renege as demand from individual investors has slackened and institutional investors are pressuring the firms to cut their commissions.

Paine Webber, whose securities unit is Paine Webber Inc., said that while investment banking revenue rose in its fiscal first quarter ended Dec. 31, "market conditions continued to negatively impact the firm's commission business."

American Express said its travel-related services and international banking groups contributed to the fourth-quarter rebound. Travel services' earnings rose to \$93.3 million from \$75.6 million a year earlier, while international banking's earnings climbed to \$46.4 million from \$33 million.

Prime Unveils Powerful Computer

New York Times Service
NEW YORK — The race to produce increasingly powerful mini-computers at ever lower costs got its latest entrant Tuesday, when the Prime Computer Corp. introduced its fastest computer.

The company said its new model 9955, priced at \$321,000, will be available immediately.

The market for minicomputers has rapidly grown as many corporations have found that their employees need faster computers that can handle more data than can personal computers.

As the needs have grown further, companies have chosen to buy super-mini-computers rather than mainframes because with super-minis they can transfer their old programs and data. Mainframes require users to buy new software and enter new data and can cost as much as \$1 million.

"We're seeing tremendous de-

mand for these super-minis," said Stephen K. Smith, a technology analyst at Paine Webber Inc. "Demand is clearly outstripping supply."

Prime's new 9955 will perform at a rate of about 4 million instructions per second, compared to the 2.5 million per second capacity of its predecessor, the 9950.

Analysts say the Prime 9955 will compete with a new, powerful minicomputer called Venus introduced last fall by the Digital Equipment Corp. The Venus and the Prime 9955 are both expected to be produced in volume this spring.

The Prime model should also face competition from other new high-speed minicomputers such as Data General Corp.'s MV 10,000, Wang Laboratories Inc.'s VS 300 and the International Business Machines Corp.'s 4381 Model 3.

"Even the manufacturers them-

selves didn't realize how big the market would be," said Frederic G. Withington, an analyst at Arthur D. Little & Co., the Boston research firm. "Now they are all scrambling to produce a product."

The new Prime product bears a number of similarities to its predecessors, and will be able to run the existing library of Prime software.

That software runs the gamut from commercial applications such as those used by banks and insurance companies, to technical and scientific programs used by engineers.

The model 9955 should be snapped up by Prime's existing customers, many of whom have outgrown their current Prime machines, analysts say. But to be financially successful with the model 9955, the analysts say, Prime must sell it to new accounts, a much harder task.

Sony, NEC Set Agreement on Computer Part

The Associated Press
TOKYO — Two Japanese electronics companies, Sony Corp. and NEC Corp., said Tuesday that they had reached an agreement that allows Sony to manufacture and sell NEC's V-series microprocessors.

The five-year agreement calls for NEC to provide Sony with circuit schematics and other technical information necessary to make parts for two V-series microprocessors, NEC officials said.

Sony will offer products compatible with the V-20 and V-30 by year-end, they said.

The officials said NEC has been trying to develop a network of suppliers — often referred to as second sources — to enable companies to secure a reliable product supply.

This was the first time Japanese manufacturers reached a second-source agreement to market microprocessors, said Nihon Keizai Shimbun, a Japanese economic daily.

Drexel Picks Buri for London Post

International Herald Tribune
LONDON — Drexel Burnham Lambert Inc., the New York-based securities firm, has appointed Jean-Pierre Buri to the new position of deputy chairman of DBL Securities Ltd., a London Eurobond-trading unit formerly known as Ross & Partners.

Drexel said Mr. Buri, a senior vice president of the parent company, will take a leading role in DBL's efforts to build up its sales and trading desks and develop a market in "high-yield" Eurobonds.

High-yield bonds, more commonly known as "junk" bonds, are those issued by companies that do not qualify for top ratings and thus offer higher yields. Drexel dominates the junk-bond market in the United States and is trying to promote such business in the Euro-market.

The firm also said that it will seek to become a primary dealer in gilts, or British government securities.

Mr. Buri remains in charge of Drexel's Swiss operations and is to shuttle between London and Switzerland.

Philip Morris Belgium SA has named David de Courcy-Ireland, previously marketing director, to the post of managing director. Philip Morris Belgium, with headquarters in Brussels, is part of Philip Morris Inc. of New York.

The New York-based parent, Philip Morris Inc., produces tobacco products, beer, soft drinks, specialty paper and packaging materials and is engaged in community development.

Beatrice Cos., the Chicago-based food and consumer-products concern, has appointed Richard S. Williamson senior vice president for corporate and international relations. He previously was the U.S.

permanent representative to the United Nations in Vienna and the U.S. resident representative to the International Atomic Agency. From January 1981 to May 1983, he served on the White House senior staff as assistant to President Ronald Reagan for intergovernmental affairs.

The State of Michigan, Office of International Development, has appointed James T. Reilly as director of its European office, which is located in Brussels. He succeeds Hugh Finnerman, who has returned to Michigan to pursue personal business interests. Mr. Reilly previously was based in New York where he served as director of planning and operations for the international division of Springs Industries Inc., a U.S. textile company.

Westmoreland Coal Co. of Philadelphia said it has appointed Ulrich Hartmann to its board. Mr. Hartmann is chief financial officer of Nordwestdeutsche Kraftwerke AG, a subsidiary of Preussische Elektrizität AG, itself a unit of Veba AG, Veba, the Düsseldorf-based energy-and-trading group,

owns about 20 percent of Westmoreland Coal.

Outboard Marine Belgium SA, Bruges, has named Owe I. Jansson president-director general, succeeding J. Labeyrie, who retired. Mr. Jansson previously was deputy managing director and vice president of marketing for Outboard Marine Belgium, which is a unit of Outboard Marine Corp., the U.S.-based maker of outboard motors, stern drives and garden equipment.

Colgate-Palmolive Co., the New York-based maker of consumer, health-care and industrial products, has named Clay S. Timon to the new post of vice president and director of worldwide advertising. He was senior vice president, international, and regional director-chief operating officer for the Americas/Asia-Pacific region of the advertising agency Doyle Dane Bernbach Inc.

First Wisconsin National Bank of Milwaukee has promoted Terry Thornton and Philip Dickinson to vice presidents. They are based in the bank's London branch.

Company Earnings

Revenue and profits, in millions, are in local currencies, unless otherwise indicated.

United States		Diamond Sham.		Year	
Revenue	1984	Revenue	1984	Revenue	1984
Amer. Express	1984	Revenue	1984	Revenue	1984
4th Qtr.	1984	4th Qtr.	1984	4th Qtr.	1984
Revenue	1984	Revenue	1984	Revenue	1984
Net Inc.	1984	Net Inc.	1984	Net Inc.	1984
Per Share	1984	Per Share	1984	Per Share	1984
BankAmerica	1984	BankAmerica	1984	BankAmerica	1984
4th Qtr.	1984	4th Qtr.	1984	4th Qtr.	1984
Revenue	1984	Revenue	1984	Revenue	1984
Net Inc.	1984	Net Inc.	1984	Net Inc.	1984
Per Share	1984	Per Share	1984	Per Share	1984
Cons. Edison	1984	Cons. Edison	1984	Cons. Edison	1984
4th Qtr.	1984	4th Qtr.	1984	4th Qtr.	1984
Revenue	1984	Revenue	1984	Revenue	1984
Net Inc.	1984	Net Inc.	1984	Net Inc.	1984
Per Share	1984	Per Share	1984	Per Share	1984
Digital Equipment	1984	Digital Equipment	1984	Digital Equipment	1984
4th Qtr.	1984	4th Qtr.	1984	4th Qtr.	1984
Revenue	1984	Revenue	1984	Revenue	1984
Net Inc.	1984	Net Inc.	1984	Net Inc.	1984
Per Share	1984	Per Share	1984	Per Share	1984
Mar. & Co.	1984	Mar. & Co.	1984	Mar. & Co.	1984
4th Qtr.	1984	4th Qtr.	1984	4th Qtr.	1984
Revenue	1984	Revenue	1984	Revenue	1984
Net Inc.	1984	Net Inc.	1984	Net Inc.	1984
Per Share	1984	Per Share	1984	Per Share	1984

AT&T Moves To Safeguard UNIX System

New York Times Service
NEW YORK — American Telephone & Telegraph Co. has moved to regain some control over its popular UNIX operating system for computers.

UNIX, designed by Bell Laboratories, is a basic set of computer instructions that has engendered a number of spin-off versions. AT&T is stepping up its effort to establish a single UNIX standard that will run on a wide variety of personal computers.

Its primary competition is MS-DOS, the operating system used by International Business Machines Corp.'s line of personal computers and used widely in IBM-compatible machines.

AT&T on Monday published a uniform system of commands that writers of "applications programs" for word processing, financial analysis, communications functions and the like can use to assure that their programs run on the standard AT&T system.

Without the right applications programs, sales of the company's emerging computer line would never take off, company officials have said privately. The company's first UNIX-based personal computer, developed by Convergent Technologies, is expected in the next few months.

Operating systems act as the "traffic cop" of computers, and UNIX is particularly useful in systems that permit several individuals to simultaneously use a single computer.

"Clearly, we are looking for a more orderly world," said William T. O'Shea, executive director of AT&T's computer systems software division.

AT&T also announced Monday that it had entered into an agreement with Microsoft Corp. that will make two UNIX versions — AT&T's own UNIX System V and Microsoft's Xenix — compatible at some time in the future.

The company also announced agreements with the nation's three largest makers of commercial microprocessors — National Semiconductor Corp., Intel Corp. and Motorola Inc. — to put the UNIX system on their products.

Gold Options (prices in \$/oz.)

Price	Feb.	Mar.	Apr.
290	292.50	292.50	292.50
300	302.50	302.50	302.50
310	312.50	312.50	312.50
320	322.50	322.50	322.50
330	332.50	332.50	332.50
340	342.50	342.50	342.50
350	352.50	352.50	352.50
360	362.50	362.50	362.50
370	372.50	372.50	372.50
380	382.50	382.50	382.50
390	392.50	392.50	392.50
400	402.50	402.50	402.50
410	412.50	412.50	412.50
420	422.50	422.50	422.50
430	432.50	432.50	432.50
440	442.50	442.50	442.50
450	452.50	452.50	452.50
460	462.50	462.50	462.50
470	472.50	472.50	472.50
480	482.50	482.50	482.50
490	492.50	492.50	492.50
500	502.50	502.50	502.50

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A U.S. Trader's Silken Ties to China

(Continued from Page 9)

important in China. Once they know you and you gain their trust you're a friend of theirs for life, and all doors are unlocked for you without lengthy red tape."

His company was the first buyer of Chinese silk in 1972, and today it trades with 12 provinces, Mr. Shamash notes with pride. However, imports of Chinese silk into the United States did not become commercially important until 1979, when Beijing was accorded most-favored-nation trading status. The action lowered U.S. silk import duties from 40 percent to 5 percent.

Mr. Shamash's business was not much affected by last year's dispute between China and the United States over U.S. textile quotas; both silk and linen, the main fabrics he imports, are free of quotas.

From the base of his personal contacts and his assets in the silk trade, Mr. Shamash has moved into new trading fields. He acts much like a merchant banker, shepherding businesses around the ministries and provincial power bases, arranging introductions and invitations to trade fairs. He will also work out financing, sometimes from his company's own resources, he says.

In addition, he is an expert in "countertrade," the barter arrangement in which imports are financed not by cash but by goods that the selling company either uses or sells in the world market. Countertrade is an essential aspect of Chinese trade.

"The major advantage," explained Theodore C. Kopinski, a trade specialist at Business International, a business information and consulting group, "is that it eliminates having to obtain Chinese government approval for foreign exchange to leave the country, which can be a complicated and tedious process."

Besides arranging ventures for others, Mr. Shamash is rapidly expanding his own operations. His venture with Minnesota Mining has been profitable from the day it started last September, he claims. First 3M-Shamash, which is based in Shanghai, sold local glassware to a buyer in the American Midwest; now it is negotiating to sell cotton fabrics and yarn to Bangladesh, Italy and several East-bloc countries.

Mr. Shamash recently arranged some introductions for Ken Hjem, head of global operations for Minnesota Mining. Mr. Hjem met with Wang Mingjun, managing director of China Silk Corp. and Huang Tsienmo, the company's vice manager.

"I've known them both for at least 10 years," said Mr. Shamash, recalling that Mr. Huang was one of the first Chinese to come to the United States as first secretary at Beijing's embassy and later at the New York-based head of CHIN-ATE, a government body that oversees all the Chinese textile negotiating missions.

Mr. Shamash is also a friend of He Shoulin, the vice governor of the northeastern province of Heilongjiang, who under Beijing's decentralization policies controls 10 provincial corporations in such sectors as linen weaving, agriculture, light industry and chemicals. "We buy a lot of linen from the province," Mr. Shamash said, explaining the basis of the friendship.

At yet another of the banquets that China traders must suffer gladly — this one at Harbin's New Swan Hotel — Mr. He gave his guest a shopping list of equipment the province needs to modernize its industry. The newest textile plants, for example, were built by the Russians in the mid-1950s.

Mr. Shamash said he's working with Courtaulds and his other partners to help supply the equipment. "One of the things the Chinese want is an ice-cream plant," he said, noting that the Chinese acquired a taste for ice cream from the Russians. Characteristically, Mr. Shamash and his partners are arranging the financing.

French Touch Or U.S. Style?

(Continued from Page 9)

porridge — he says, "We want a French touch."

One solution is to get the best of both worlds. "It's not that easy to find bicultural people, but they exist," said Mr. Picot of Moët Hennessy, who is one himself. "The best solution is to get a person who understands both mentalities."

Most of the French operations in the United States have American field managers who head divisions and profit-and-loss centers. Some companies hire French technical experts when they cannot find people with the proper expertise in the United States. In its California nursery operation, Moët Hennessy has a French expert in plant technology. Cosmair, in its effort to decentralize its manufacturing operations into smaller plants, has hired a Frenchman.

Relations between senior French managers and American managers are not always smooth. But this often has more to do with the fact that the Frenchman is the new owner of an existing U.S. company than with the fact that the new owner is French. "We've had our share of problems," said Mr. Picot. "If U.S. managers are not international they don't stay with us."

Mr. Berry of Cap Gemini commented: "American managers understood perfectly that a French guy was president. I think I avoided the mistake of saying do that because in France we do it that way."

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The International Herald Tribune

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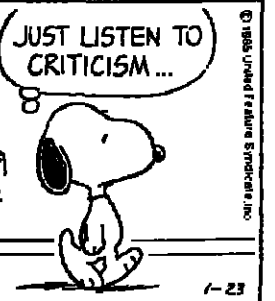
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1-23

WHO ELSE HAS
A NOSE BIG
ENOUGH TO
PLUG UP
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11-1-23

HE BELIEVED THAT THE MAN
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er-Benz	121	121.50
	638	632
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tsche Bank	162.50	160.50
tsche Bank	405.10	405
tsche Bank	195.50	195
Schulte	215	216.50
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tsch	142.90	143

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BRI

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ALL FLIGHTS TEMPORARILY DELAYED

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GATE 4

1-39

WHAT WERE THE PROSPECTS OF DEPARTURE DURING THE BIG BLIZZARD?

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

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